EUROPEAN UNIVERSITY INSTITUTE
Department of Political and Social Sciences

Economy, Ecology and the State:
Globalization and Sustainable Development in Brazil.

by

Valérie de Campos Mello

Thesis submitted for assessment with
a view to obtaining the Degree of Doctor of the
European University Institute

Florence. October 1997
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Preface

The thoughts presented in this thesis are the result of questions and concerns about the debate on economic globalization, development and environmental protection in the 1990s. When I began, in the late 1980s, to be interested in the relationship between economic development and environmental protection, the field of enquiry was still relatively new. The concept of 'sustainable development' had only been officially recognized in 1987 with the Brundtland Report, and it would not become a common term in national and international politics until the Rio "Earth Summit" in 1992. Today, almost ten years later, the conceptual framework to think the links between globalization and environmental protection is much more sophisticated. Several international conferences, some of them of a truly global nature such as the United Nations Conference on Environment and Development (UNCED) in 1992, have taken place. Innumerable initiatives at the level of policy, information, research, have been taken to develop the understanding of and the responses to the interrelations between environment and development. In addition, the issue has increasingly become the focus not only of policy-makers, scientists and researchers, but also of social movements and civil society organizations interested in presenting alternatives to the present social and economic situation of the world. In 1997 alone, the subject will be the theme of several international meetings, such as the Platform for Another Europe (NGOs meeting parallel to the Amsterdam European Union Summit in June 1997), the Other Economic Summit (counter forum to the G7 meeting), and the Global Gathering (NGOs meeting parallel to the official Earth Summit II). Across the world, not only environmental degradation but also the concentration of power, wealth and resource that accompany globalization are being questioned.¹

A personal experience reported underneath exemplifies well the framework of the reflection carried out in this thesis. During a Seminar on 'Environment and Diplomacy' in which I participated, a session was organized to simulate a negotiation on environmental problems. Reacting to a sentence by a participant who mentioned 'ecological problems', another participant, a European diplomat, objected to such a statement on the basis that 'ecology' was not the "technical" term used during official multilateral negotiations. The appropriate term

¹ See for example the work of the International Globalization Forum, and the special issue of Friends of the Earth's bulletin on 'Globalization /Sustainable Societies', Link n° 78, May-June 1997.
is 'environment'. Reflecting on this statement, I was surprised to realize how it portrays exactly what, according to my view, is happening in reality; i.e., how concerns with the "ecological crisis" have ended up being reduced to "technical" considerations of "environmental management" which are to be addressed by global fora of diplomats and experts. Central to the green project were the rejection of the industrial model of development, and the concern with decentralization and democratization. Yet nowadays, the hegemonic view on environmental issues is a liberal view according to which environmental problems can be "managed" and are not in contradiction to growth and industrial development. This thesis examines this process of transformation of environmental issues, and provides an explanation for it by exploring its relation with industrial capitalism and economic globalization. The thesis argues that economic globalization has been accompanied by a process of "mainstreaming the environment", and investigates the ability of this "new environmentalism" to promote a more sustainable world, in an understanding of sustainability which encompasses not only ecological but also social equity concerns.²

According to a number of environmental activists, we are today facing an ecological crisis of an unprecedented scale. As stressed by the non-governmental organization Friends of the Earth, 'if everyone were to adopt the lifestyle of a typical North American, we would need at least two more planets to produce the resources, absorb the wastes and maintain life-support systems'. Their estimate is that 20% of the world population consumes 80% of all the energy produced and natural resources extracted.³ These figures illustrate a problem which might well be the most pressing issue facing the world today: not only is our world deeply unjust, dualized between a small, privileged elite and a growing marginalized mass of excluded. It is also unviable. For instead of addressing the immense challenge of restructuring socio-economic relations in a more sustainable way, the national and international political systems are busy promoting an economic model which, at least at the level of discourse, aims at the replication of the North American lifestyle worldwide. At the level of practice, however, things are not quite evolving towards that target, as the unevenness of the


globalization process becomes more evident. Yet the whole system functions as if it believed that globalization is a desirable goal and that it could be beneficial for all. Economics presents itself as a science whose prescriptions work in all circumstances. To the ecological crisis come economic solutions; to environmental problems, market instruments; to poor countries, market reforms.

The thesis looks critically at the way states and the international system are reacting to globalization and to the challenges it poses. It hopes to improve the understanding of the processes at work in a globalized world. Doing that, it wants to contribute, albeit marginally, to the building of a conceptual framework that would allow viable alternatives to emerge.

This research started in Paris, and has travelled with me in the recent years to Florence, Rio, Vienna, Buenos Aires, London, Madison, Brussels and Amsterdam, gaining new insights and impetus at each stage. The bulk of the research was carried out while I was a researcher at the European University Institute (EUI) in Florence. There, I was lucky enough to work under the supervision of professor Alan Cafruny (who has today become professor at Hamilton College in Clinton, NY and external professor of the EUI). Alan Cafruny was supportive from the beginning of the research project and helped immensely in making me build up enough confidence to carry it out to its term. Later, when he returned to the States, despite the distance and difficulties in meeting in the last years of the research, professor Cafruny was in a sense always present, using all the instruments modern technology offers to compensate for physical distance and providing guidance and intellectual stimulation. Other EUI professors, in particular Roger Morgan and Daniel Verdier, read early versions of chapters and sessions and made useful contributions to the maturing of the argument. I also wish to thank Dr Patrick Masterson, Professor Stefano Bartolini and Professor Coliin Crouch for their support. Still at the European University Institute, I am grateful to Peter Kennealy, responsible for political science at the EUI library, to Pablo Kuster from the Computer Center and to Maureen Lechleiner and Marie-Ange Catotti, secretaries of the Political Science Department, who helped in numberless ways, providing not only administrative support but also much needed encouragement at different stages of the research. Friends and colleagues of the European University Institute read and commented early versions of the thesis, especially Monica Mendez Lago, Marco Verweij and Marcello Oviedo. My friend Dan Oakey corrected the English and made important editorial contribution. Needless to say, any remaining errors...
are my own. I would like to pay a special tribute to the EUI and to its extraordinary setting as a place allowing for exceptional personal enrichment and stimulating intellectual and emotional exchanges. I am also beholden to all my Florence friends for their invaluable contribution not only to the progress of my research but, above all, to my personal development and happiness.

In Paris, where the first thoughts arose, I would especially like to thank Alain Lipietz (of the CEPREMAP), whom I had the chance of meeting at an early stage of the research, and who was a permanent source of inspiration and intellectual motivation. My research started within the framework of the Department of Political Science of the University of Paris I, Panthéon-Sorbonne. There, I would like to thank in particular Professor Pierre Dabezies for his kind support and guidance. In addition, I am particularly grateful to the French Ministry of Foreign Affairs and to the French environmental agency (ADEME), who provided much needed financial support during the first years of the research. In Brazil, the research benefitted from the collaboration of researchers from the Brazilian Institute for Social and Economic Analysis (IBASE) and from some support by the Institute of International Relations and its documentation center. In Buenos Aires, I benefited from the environment of the Centro de Economía Internacional of the Ministry of Foreign Affairs, where I developed most of my research on trade and environment. In the United States, my special acknowledgements go to David Trubek and the Global Studies Research Program of the University of Madison, Wisconsin. In Vienna, at an early stage of the research, the International Institute for Applied Systems Analysis offered a stimulating field of discussion, as well as a valuable, and beautiful, scenery for research. Within IIASA’s Project on ‘Processes of International Negotiations’ and with the support of its leaders, Bertram Spector and Daniel Druckman, I carried out my analysis of UNCED’s negotiations right after the Summit itself.

I also wish to express my gratitude to the following people. My sister Flavia de Campos Mello read and criticized drafts of several chapters on Brazil and helped to make the argument more accurate. All through the years, she provided assistance in terms of sending me documents, information, and was always willing to help and advice me. My friend Ann Doherty, of Friends of the Earth International, read and commented on parts of the manuscript, sent me countless documents and e-mails, and, through her example of sensitive
and intelligent activism, offered me a permanent source of inspiration. I would also like to thank the following people for their direct or indirect contribution to my research: Susanna Hecht, Stephen Bunker, Jean-Pierre Warnier, Guy-Olivier Faure, José Augusto Pádua, Bertha Becker, David Vogel, David Humphreys, Michael Redclift, Stephen Nugent, Roberto Guimaraes, Matthew Paterson, Alexandra de Mello e Silva, Professors Shiguenoli Miyamoto and Braga, Henri Acselrad and Isabel Carvalho, Dennis Mahar, Deodoro Roca and Carlos Marx Carneiro, Bernardo Zentilli, Alain Bertrand and Alain Kersenty, Roberto Smeraldi, Michael and Steve Lerner, Hugo Schailly and Winfried Lang, Pam Chasek, members of the Working Group on Environmental Studies and of the Working Group on International Relations at the European University Institute. Finally, I would like to thank Adriaan, he knows why.
1. Introducing Global Environmental Politics: From Rio 92 to New York 97

A significant feature in international politics since the end of the 1980s has been the growing concern with environmental protection and the multiplication of the number of international conferences and agreements in this area. Environmental protection is presently recognized as a major political issue, and has acquired a well defined position on the international political agenda. The United Nations Conference on Environment and Development (UNCED), held in Rio de Janeiro from 3 to 14 June 1992, was a unique moment in diplomatic history. Over 30,000 participants from 176 countries, including 103 heads of state or government attended this summit meeting, which was the largest United Nations conference ever organized. The conference was the most elaborate attempt yet to develop institutional solutions to major environmental problems. Based on the idea that "environment" and "development" had to be linked in a comprehensive framework that would allow for the generalization of economic growth and prosperity while including environmental concerns, UNCED came out with a global solution to the ecological crisis, the concept of "sustainable development". A global bargain was struck, according to which developed nations would provide some financial resources and transfer appropriate and "clean" technology to developing countries to help them protect their environment. An international mechanism - the World Bank's Global Environment Facility (GEF) - was established to undertake the funding of international projects. At the same time, global conventions on Climate Change and Biological Diversity were negotiated in an attempt to control the most devastating effects of economic activities, such as CO2 emissions from industry, and to protect the earth's living capacity. A program of action, "Agenda 21", was carefully worked out, covering all areas from health to institutions, from women's role to business responsibilities, in order to serve as a guide for action to achieve sustainability worldwide. To facilitate the transition towards "sustainable development", developed countries promised millions of dollars in the form of aid, investment and pollution control projects. The Conference generated a high degree of optimism as to the international community's ability to deal with global environmental problems. Development could now continue on a truly global base, without the risk of the complete exhaustion of
natural resources or of other major environmental catastrophes. The Cold War now over, rational planning, technology and economic instruments would ensure the global extension of the capitalist model of accumulation.

Five years later, at the June 1997 Special Session of the United Nations General Assembly dedicated to the review of UNCED’s implementation, the climate is rather different. Optimism has given way to disappointment and, in some cases, real concern about the viability of the "sustainable development" model, whose framework of action does not address the real causes of environmental destruction. Developed countries have been unable to stick to their promise of increasing their aid to development to 0.7% of their Gross Domestic Products, as agreed in Rio. Countries like the United States, the largest contributor to global warming, have not shown the will to take effective action nor a commitment to reduce their industrial emissions. On the other hand, developing countries have refused to take any further step without the guarantee that substantive financial resources would back them or that at least the commitments undertaken in Rio would be respected. The New York 1997 declaration even recognizes that the situation of the environment has deteriorated over the past five years, hoping modestly that more progress will be achieved by the next summit in 2002. While there is a consensus on the diagnosis of the problem - worldwide environmental degradation - no significant commitment has been taken to made to change the accumulation model and the patterns of production and consumption that provoked this situation. In this sense, the failure of the international system in ensuring a move towards sustainability, exemplified in New York, is hardly surprising. If only scant significant progress has been achieved, what is to blame is the very nature of the global bargain struck in Rio. Development - capitalist economic development in its more recent global phase, with its focus on globalized and ever expanding production, trade and consumption - cannot simply be willed "sustainable", or only at the price of depriving the concept of sustainability of any meaning.

2. Hypothesis and Arguments

The general aim of the thesis is to shed light on the processes which account for the nature of the "global environmental bargain" which emerged in the 1990s. It will explain and characterize the redefinition of environmental concerns and the development of international
instruments and institutions for the protection of global environment in an historical and political perspective. The thesis examines this process of transformation of environmental issues, and provides an explanation for it by exploring its relation with industrial capitalism and economic globalization. It is concerned with providing a more systematic reflection of the links between economic globalization and sustainable development and of the interplay between domestic and international dimensions of environmental policies and politics. A major objective of the thesis is the attempt to articulate internal and external factors both in explaining the ecological crisis, the solutions considered to control or revert it, and the limits these solutions are encountering. Since the topic of environmental protection implies considering almost any form of life and is linked to all economic activities, I have chosen to concentrate on what appears to me a particularly interesting issue, namely tropical forests. The case of Brazil and of the Amazonian forest provide a rich example not only of the interplay between domestic and international determinants of environmental policies and politics, but also of the contradictions that the 'sustainable development' approach gives rise to in a context of globalization, the redefinition of the developmental model, and the restructuring of the role of the state.

The basic hypothesis of the research is that the process of economic globalization, which has diffuse effects on all areas of social life, is a crucial factor in explaining the manner in which environmental concerns are being addressed at the international level, and thus in accounting for the limits of the 'sustainable development' approach in solving the ecological crisis. The thesis argues that economic globalization is related to environmental protection in two ways. On the one hand there is a direct relationship between the two phenomena: the increase of economic activity linked to economic globalization such as the increase in the volume of trade and production, directly produces environmental problems such as pollution, waste production, and the depletion of non-renewable natural resources. On the other hand there is an indirect relationship. Globalization has reconfigured the role of the State, limiting and redefining its ability to conduct autonomous policies. The narrowing in the range of policy choices available for government has significant effects on the situation of the environment. A good example is structural adjustment programs which have been imposed on many developing countries by multilateral institutions.
The impact of globalization thus appears to be paradoxical. While exacerbating the ecological crisis and showing the urgent need to reverse it, globalization structures the political economy in a way which prevents real solutions from being adopted. It spreads the destructive economic model of the North to the Third World, meaning that Third World countries will have to face the same ecological destruction. Instead of placing limits on economic activities on the basis of ecological arguments, globalization has strengthened the view that the free market will contribute to maximize social welfare and hence environmental protection. It has led to the adoption of a project of 'environmental management' which advocates a universalized model of production, consumption, and thus of dealing with problems of environmental protection resulting from these activities. By assuming its universality, it tends to marginalize other knowledges and other solutions to the ecological crisis. 'Sustainable development' becomes a technical problem of "internalizing costs". Yet the way in which state and non-state actors perceive environmental issues is itself determined by historical and cultural visions of the interrelation of man with nature, as well as by different visions of social relations. The priorities in terms of the use and control of natural resources vary widely and are often conflicting. Environmental politics is thus intrinsically linked to issues of resource ownership and control, and to social equity - as the case of the Brazilian Amazon exemplifies well.

3. Line of Enquiry and Theoretical Concerns

At the theoretical level, the research starts with a discussion of the role of international regimes, institutions, cooperation and conflict, and therefore addresses the basic 'inter-paradigm debate' in International Relations (IR). My point of departure is dissatisfaction with traditional IR analysis of international environmental politics, and, more broadly, of social change, along the exclusionary lines of power and interest, hegemony and cooperation, or domestic and international variables. More specifically, my intention is to react to the mainstream literature on international environmental protection, a literature dominated by Neoliberal Institutionalism, which tends to emphasize cooperation and inter-state bargaining while neglecting conflicts, resistance, and those actors excluded from global or governmental processes. These approaches pay little attention to the historical, political and cultural origins of environmental concerns in general, by reducing action at the environmental level to
"Pareto-optimal" considerations. While extensively considering international solutions to achieve "global environmental management", mainstream IR approaches fail to account for the very sources of the ecological crisis, resulting in what Robert Cox calls a "problem-solving" perspective. They also tend to overlook the impact global transformations are having on the way environmental concerns are addressed at the international level.

The links between global change and environmental protection are the subject of many controversies. The mainstream tendency in environmental economics states that market policies, free trade and openness to foreign investment will eventually result in higher environmental standards. On the other end of the spectrum, opponents, mainly environmentalists and critical observers, argue that market policies fostered by globalization, because of their focus on the continuity of growth, accumulation and consumption, can only result in intensified environmental depletion. While the debate has been hot in international and domestic political fora and even among academics such as environmental economists, the field of International Relations is notable for its acritical appraisal of global environmental politics. The literature on global environmental politics, dominated by Neoliberal Institutionalism, predominantly tends to emphasize the positive and potentially integrative effects of globalization. Globalization is often acritically accepted as a process which includes a globalization of values. In this context, international development institutions are seen to play a major role in "educating" bureaucrats and politicians and in influencing policy-making in developing countries. Globalization is thus evaluated by Neoliberal Institutionalism as a "progressive" process, which universalizes environmental protection as an imperative, together with human rights, that will ultimately bring higher environmental standards to the Third World. Neoliberal Institutionalism tends to emphasize the integrative effect of globalization, highlighting the benefits of the widespread acceptance of "global environmental management". Realists, on the other hand, perceive potential gains to be drawn from the use of the structural constraints represented by economic interdependence in order to institutionalize environmental

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protection and develop instruments to promote "sustainable development". To be fair to both approaches, it seems plausible to assert that globalization has in a sense helped to create conditions for the development of policy mechanisms and institutions that will universalize and promote the concept of "sustainable development". But the way the environmental debate has been framed by the international development establishment in order to legitimize market reforms is not questioned by mainstream IR authors, and existing alternatives to the liberal 'sustainable development' approach are seldom addressed. In addition, there seems to be limited concern within the IR-IPE literature about the impact of globalization on the political economy of environmental reform in developing countries. Although the "problem-solving" discourse emphasizes the benefits arising from the "globalization of the environment", to my knowledge no IPE study has, so far, concretely linked global change, restructuring and state reforms on the one hand, and sustainable development in the Third World on the other hand. The nature of this link, and, even more, its empirical measure, are difficult to establish. There are, however, some signs indicating that global change is exerting a structuring influence on the redefinition of environmental politics in the South. My argument is that the kind of sustainable development being promoted represents more the consolidation of a liberal project of "environmental management" than a real shift away from destructive practices. Globalization is consolidating a market-friendly view of sustainable development, a view which gives priority to the sustainability of "global growth" and to the correction of environmental damage. This is being carried out at the expense of the competing alternatives and participative view of sustainable development as stressing not only development but also social equity and decentralized participation.

The thesis adopts a critical perspective on global change. It focuses on the impact of the model of economic accumulation on environmental politics and policy. It argues that structural change, which is characterized by the internationalization of production and finance and by the shift away from Fordism as the dominant accumulation model, has significant implications for the way environmental issues are being dealt with at two different levels. At the internal level, it has produced a reconfiguration of the State, challenging its ability to conduct autonomous policies not only in the economic field but in all policy areas, including the environmental one. At the international level, it has created new constraints on Third World countries: there seems to be no alternative to the so-called "Washington Consensus", 

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an homogenization of economic policies around neoliberal lines. Environmental concerns, by exposing the effects of industrialization and the over-intensive use of natural resources, first emerged as a potential challenge to the dominant economic model. They could have become a source of inspiration for alternative ways of thinking about economic development, political participation and social life. However, with the liberalizing, market-oriented consensus prevailing at the international level, they ended up being reframed in a sort of 'neutral' manner which would not threaten industrial development. They became the object of international bargainings and interstate negotiations, and a buzz-word, "sustainable development", was coined to express the fact that environmental problems should by no means constitute an impediment to growth. The solution to all problems became "global environmental management", a liberal project to be conducted by a new "ecocracy". This project does not include a questioning of the global mechanisms inherent to the development model that produces environmental degradation. The process of institutionalization of environmental issues can thus be seen as integrating a strategy of consolidating a new form of liberalism, which can be called "liberal productivism", instead of a real shift from liberal theories.  

The line of inquiry followed is twofold. First, the causes of the ecological crisis and in particular of deforestation are identified, and the ecological crisis is analyzed in the context of economic globalization and industrial capitalist development. The solutions that have been developed to address that change - the concept of sustainable development, and the formation of a consensus on the liberal model of environmental management - are given thorough consideration. In particular, the case of tropical forests is examined, and attempts to develop an "international regime" for the "sustainable development" of tropical forests are evaluated. After having investigated the global trends explaining the process of internationalization of tropical forests, I turn to the case of Brazil and try to assess how global and domestic factors interact in the specific case of the political economy of environment and development in the Amazon region. I place the analytical focus on the political economy of environment and development in Brazil and the policies which lie at the root of today's social and ecological crisis. The case of deforestation in Brazil gives an interesting example of ecological crisis and
of its deadlocks. Indeed, ecological problems in the Amazon are the direct result of the development model adopted in the country in the Post-War period, focusing on industrial growth and infrastructure development, and carried out by the military regime. Moreover, the Amazon region is the world's largest reserve of tropical forests, and it has been the focus of a great deal of international attention, both public and governmental. Several solutions have been considered to curb deforestation and "sustainably manage" the forest. The Brazilian government itself, after years of neglecting environmental protection, reversed its position in the last decade and introduced changes in its policy towards the Amazon. My analysis concentrates more specifically on the role played by globalization in influencing the political economy of policy reforms taking place in Brazil in the 1990s and in promoting a redefinition of Amazonian policies along the lines of the "international consensus" reflected in the concept of sustainable development. Globalization has significantly affected policy reform and directed the transformation of the Brazilian state through its participation in the world system. In a few areas the impacts of globalization have been particularly noticeable, such as in new patterns of trade in forest products and the impact of transnational alliances between local and international environmental organizations. However, the transformations promoted by globalization cannot bring about real solutions to the ecological crisis of the region, as they often fail to address the root causes of deforestation and environmental degradation. The changes have taken place in the context of the adoption of a liberal economic agenda, with the opening of the economy and the launching of structural adjustment. In this setting, Brazil's policy towards the Amazon appears to be increasingly determined by international factors, and seems to be addressing the needs of an international audience instead of those of the 20 million Amazonians. It is not based on a political analysis of how to make the Brazilian society more sustainable and equitable, and it does not give the country really progressive environmental standards. In Brazil, environmental considerations have ended up becoming part of a conservative modernization strategy, benefiting the "globalized" sector of the Brazilian society while excluding large segments of the population, perpetuating social conflicts in the Amazon region. The conflicts in the Amazon are intrinsic to the new pattern of insertion of Brazil in the world economy and to the accelerated restructuring of the Brazilian society.

4. Structure of the Thesis
The thesis is organized as follows. *Part I* provides an analysis of the character of the globalization of environmental politics. *Chapter 1* is the theoretical chapter, it locates the debate within the field of International Relations and defines the approach which is adopted in the thesis. It reviews the two main paradigms in International Relations - Liberal Institutionalism and Realism - and shows how they address issues of international environmental protection. It analyzes the shortcomings of these approaches, and then introduces a more critical approach of global environmental politics, as opposed to 'problem-solving approaches', in Cox's seminal distinction. This approach, inspired by Neo-Structuralism and defined as belonging to the field of International Political Economy (IPE), locates environmental destruction in the framework of the model of economic accumulation and social relations which is being redefined in the 1990s with global change. It identifies the rationality and the dominant logic of efficiency which guide the present model of economic accumulation as potential structural obstacles to the reformulation of economic activities necessary to achieve long-term sustainability.

*Chapter 2* defines and characterizes the process of economic globalization. Structural change is defined as the internationalization of production and finance and the shift away from Fordism as the dominant accumulation model. Globalization has significant implications for the way environmental issues are being dealt with at two different levels. At the internal level, it has produced a reconfiguration of the state, challenging its ability to conduct autonomous policies not only in the economic field but in all policy areas, including the environmental one. At the international level, it has created new constraints on Third World countries: there seems to be no alternative to the so-called "Washington Consensus", an homogenization of economic policies around liberal lines.

*Chapter 3* looks at the evolution of environmental concerns and of the green project. Environmental concerns, by expressing concerns with the effects of industrialization and the over-intensive use of natural resources, first emerged in the 1970s as a potential challenge to the dominant economic model. They could have become a source of inspiration for alternative ways of thinking about economic development, political participation and social life. However, with the "triumph" of neoliberalism, they ended up being reframed in a sort of 'neutral' manner which would not threaten industrial development. They became the object
of international negotiations, and a buzz-word, "sustainable development", came into circulation suggesting that environmental problems were no necessary impediment to growth. The solution to all problems became "global environmental management", a liberal project to be conducted by a new "ecocracy". This project did not question the global mechanisms inherent to the development model that produce environmental degradation. The process of institutionalization of environmental issues could thus be seen as integrating a strategy of consolidating a new form of liberalism, which can be called "liberal productivism", instead of a real shift from liberal theories.

Chapter 4 takes an example of "environmental management", namely, the international regime for the protection of tropical forests. It reviews the existing international instruments aiming at protecting tropical forests, both the formal (negotiated agreements), and informal instruments (economic and trade measures, boycotts, political pressure). It starts by recalling the time of the first UN Conference on the Human Environment in 1972, but only examines in detail more recent years and in particular the period from the Rio Summit in 1992 to the New York UNGA Special Session in 1997. It shows the limits of this nascent "international regime" for forest protection and its failure to address the root causes of tropical forests' destruction.

The second part of the thesis focuses on the interaction of global change with the political economy of environment and development in Brazil. This part shows, on the one hand, the links between the domestic political economy and environmental problems and policies, and on the other hand, the changes taking place after the mid-1980s and the potential influence of global factors on this shift. It is organized in the following way. Chapters 5 and 6 look at the political economy of development and environment in Brazil from a historical perspective. Chapter 5 starts with an historical overview of the colonial period, and introduces the most striking longue durée factors that will help understand environmental concerns in Brazil, as well as the major features of the economy during the colonial period and then from independence in 1822 until the 1950s. But the more elaborate analysis only starts in 1950, and covers the years 1950-1985, a coherent period in terms of the interrelationship between environment and development. It introduces the main features of the model of state-led development which has prevailed in the country, the type of international insertion achieved
as a result of the import-substitution industrialization (ISI) strategy and its impact on equity standards and on the situation of the environment. Chapter 6, covering the same period (until 1985), focuses on the Amazon region, showing the major factors interfering in the political economy of environment and development in that region. It explores the dynamics of Amazonian deforestation, its main sources, and the role played by the accumulation model and by patterns of state intervention. It identifies the major actors involved in environmental politics in Amazonia and how they have been affected by the rapid transformations and by the modernization of the Brazilian society in the Post-War period.

Chapter 7 and 8 then investigate the transformative process taking place after 1985 as a process related to globalization. Chapter 7 analyzes the changes in economic policy and the move towards liberalization and the acceptance of globalization. It addresses the crisis of the 1980s and explains the nature of economic restructuring in the 1990s as a process inserted in global change. It evaluates both the role of the state in fostering globalization in Brazil and the role of globalization in fostering state reform. Finally, it refers to globalization as an essentially uneven and contradictory process which encounters structural limits and faces resistance as the case of the landless peasants exemplifies well. Chapter 8 then explores the Brazilian responses at the level of the Amazon region, in relation to the changes that have taken place both at the domestic policy level and at international level with globalization. It introduces the main features of the environmental policy reform which has been carried out since the mid-1980s, and examines competing theoretical explanations of this shift. It argues that this shift is better understood within a critical International Political Economy (IPE) framework, which, through its focus on the combined role of the accumulation model and changing social structure, is able to shed light on the contradictions present in the 'sustainable development' approach which has guided policy reform. It examines the impacts globalization is having on Amazonian policies, economic integration schemes, the increase in global timber trade, the impact of the state reform, and the limits of instruments developed by international institutions such as the World Bank. Finally, it examines alternative solutions developed by local actors in their struggle to defend their lifestyles and resist exclusion. The conclusion evaluates the transformative process of the 1990s and shows the difficulties it poses on the path to sustainable development in the Amazon region. The thesis concludes by arguing that in Brazil, rather than a reformulation of the model which has produced the ecological crisis...
and deforestation in the Amazon, the new policy is likely to perpetuate a model of
development which is socially unfair and environmentally destructive.
Environmental protection remained a fairly marginal topic in the field of International Relations until approximately the second half of the 1980s. Only then, with the end of the Cold War and renewed interest in interdependence and economic globalization, did environmental issues appear as a fertile ground for discussions on international co-operation and on the role of institutions, corresponding in the social sciences to the period of the surge of Neo-Institutionalism. After the publication in 1987 of the report of the World Commission on Environment and Development, *Our Common Future*, the number of publications on the topic increased exponentially, in what has been called a "Greening of International Relations". Environmental concerns have been mainly addressed using the two paradigms in International Relations: the idealist/institutionalist paradigm and the realist paradigm. The Neoliberal institutionalist paradigm has focused on international cooperation and on the concept of international regimes. The concept of international regimes has often been used to analyze global environmental agreements. Several regimes have been constructed in the environmental field, more specifically for the protection of whales, of wildlife species, of Antarctica, to protect oceans, the ozone layer, biodiversity, to prevent climate change, and the trade of hazardous waste. Regime analysis seeks to explain why and how environmental compromises and institution-building may come about or are likely to happen. It looks at the way in which conflicts can be managed under the guidance of jointly agreed principles and norms and through the application of accepted procedures. There has also been a Realist interpretation of global environmental issues. The Realist perspective emphasizes conflicts existing over environmental issues, resource wars, and argues that environmental issues should

7 Significant examples of earlier work are Howard and Margaret Sprout (1965) and (1971), and Dennis Pirages (1981).

8 See World Commission on Environment and Development (1987). The expression the "Greening of International Relations" is from Jim MacNeill (1989).

9 For an account of existing international regimes for natural resources and the environment, see United Nations Environment Programme (1991) Register of International Treaties and Other Agreements in the Field of the Environment, Nairobi, United Nations.

be seen as national security problems. In this chapter, I will be arguing in favour of a third approach, which I call "critical environmental politics", which in my view is better prepared both to explain the politics of global environmental change by placing it in the historical context of economic development and globalization, and to account for the recasting of environmental concerns so as to form part of a liberal project of 'environmental management'.

I. The Neo-Institutionalist perspective

Within the field of International Relations, the literature on global environmental politics has been largely dominated by neoliberal institutionalist analysis, which emphasizes the opportunities for cooperation. Considered as yet another "issue-area" subject to international negotiations, environmental protection has mainly been addressed through the flowering "regime literature", which is concerned with the origins, formation and effectiveness of international institutions dealing with environmental protection. International regimes have been a dominant theme in International Relations over the last decades, and thus deserve a more careful examination. I will start with a brief account of the origins of regime theory, recalling the context of the discussion, its place in the evolution of International Relations theory and the different definitions of international regimes. An overview of the major approaches is then presented, namely the liberal approach, the structural approach and the cognitive one, with their variations.

I.1. The Concept of International Regime: Origins and Meanings

The notion of international regime has appeared in the field of International Relations in the context of the debate on the role of institutions and their relationship with state behavior. After a period wherein the realities of the Cold War imposed a vision of international

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11 This chapter does not aim at an in-depth discussion of the theoretical paradigms in International Relations, of the agent-structure debate nor of the absolute gains/relative gains debate. The goal here is simply to sketch out the main assumptions of each approach, to see how they have been applied to the study of environmental politics, and to evaluate their theoretical ability both to explain global environmental change and to present solutions to it. For an account of the so-called "inter-paradigm" debate, see for example D.A. Baldwin (1993) Neorealism and Neoliberalism: the Contemporary Debate. New York, Columbia University Press.

relations strongly determined by power relations, with Realism as its main paradigm, the 1970s brought forth a new concern with issues of cooperation and the role of institutions in international politics. As underlined by Young, the rise of "Neoliberal Institutionalism" in IR is part of a broader intellectual movement, "Neo-Institutionalism", that spans the principal social science disciplines. Interestingly enough, Young explains this rise in part by the surge in the demand for institutions to cope with "broadening and deepening interdependencies", the fact that once unrelated activities now impinge on each other in significant ways. One example he gives is that "the destruction of moist tropical forests in Brazil is likely to have major consequences for residents of the Northern Hemisphere". Environmental change itself would thus be directing theory in social sciences! 13

Regime theory appeared as an attack on state-centric realist approaches. As pointed out by Haggard and Simmons, "the interest in regimes sprang from dissatisfaction with dominant conceptions of international order, authority and organization". The analysis of regimes stands between the broad concept of international structure on the one hand, and the study of formal organizations on the other, therefore representing an attempt to reconcile the "idealist" and the "realist" traditions in international relations. In the context of the end of bipolarity, regime theory has been said to mirror the feeling shared by many Americans that the international order which emerged after World War II is eroding, leading to a "post-hegemonic" era. 14

The main concern of the literature on international regimes has been to analyze the impact of institutions on state behavior and its relations with order and stability in the international system. It addresses the question of the possibility of cooperation between states claiming sovereignty but competing for power and influence in a situation of anarchy. The main argument presented by the supporters of regime theory, such as Robert Keohane, is that variations in the degree of institutionalization of world politics have a significant impact on the behavior of governments. In this approach, international institutions have a "constitutive" as well as a "regulative" aspect. They not only regulate the international system through the

13 See Oran R. Young (1994:14). The other two reasons for the rise of Neo-Institutionalism according to Young are the "loss of confidence in institutional tools that have made up our repertoire in recent times" and the success encountered by leaders of the movement such as Coase.

establishment of practices of behavior, but also "shape" the preferences and the power of its units. 15

Regimes have been defined in several different ways. 16 Some authors employ a very broad definition which includes almost any form of patterned behavior. The broadest definition is given by Raymond Puchala and Raymond F. Hopkins, for whom "international regimes exist in every issue-area of international relations where there is a discernibly patterned behavior". This definition is said to be Grotian: regimes are considered as pervasive, inherent attributes of any complex, persistent pattern of human behavior 17. The main critique of this somewhat broad definition is that it implies the risk of overestimating the level of normative consensus in international politics. The most commonly accepted definition of international regimes has been developed by Stephen Krasner in his volume International Regimes of 1983. He defines regimes "as sets of implicit or explicit principles, norms, rules and decision-making procedures around which actor expectations converge in a given area of international relations. Principles are beliefs of fact, causation, and rectitude. Norms are standards of behavior defined in terms of rights and obligations. Rules are specific prescriptions or proscriptions for action. Decision-making procedures are prevailing practices for making and implementing collective choice". 18 In this definition, regimes should be considered as intervening variables that stand between basic causal factors such as power and interest on the one hand and outcomes and behavior on the other. This definition has been criticized by Oran Young, who stresses its lack of clarity and argues that it cannot differentiate between regimes and other arrangements in International Relations. In his opinion, the definition offers nothing but a list of elements impossible to distinguish in real situations. Young argues that the normative dimension must be separated from the definition of regimes. For him, regimes constitute "negotiated orders", a form of institutionalization of portions of international life that regularizes actors' expectations and facilitates cooperation. In his approach, regimes are

16 The following classification of definitions is borrowed from S. Haggard and B. Simmons (1987:490-496).
18 Stephen D. Krasner (1983:2). As Krasner puts it, this definition is consistent with most of the other formulations, such as the one by Keohane and Nye, who define regimes as "sets of governing arrangements" that include "networks of rules, norms, and procedures that regularize behavior and control its effects". In Robert O. Keohane and Joseph S. Nye (1987:19).
a form of cooperative behavior among states which regulate national actions on an issue-area, but not the only one. International regimes are social institutions, which themselves are "recognized practices consisting of easily identifiable roles, coupled with collections of rules ..." 19

To the four elements defined by Krasner as characteristics of regimes - principles, norms, rules and procedures - List and Rittberger propose adding a behavioral element, rule-compliance, which clearly differentiates regimes from other forms of organizations such as treaties. For them, a regime has to be based on stable patterns of behavior resulting from compliance with the norms and rules defined in it. This definition is more restricted in the sense that it differentiates clearly between regimes and other forms of agreements - between regimes, institutions and organizations. Regimes are social institutions with a coercive dimension; institutions are practices composed of recognized roles coupled with rules and conventions; and organizations are simply physical entities. In other words, as Haggard and Simmons stress, "regimes may facilitate order and stability but are not codeterminus with them". Other forms of institutionalized frameworks exist and are responsible for order in the international arena. 20

I.2. Variations in Regime Analysis

The interpretations of regimes and their role in international politics vary greatly. For some scholars, regimes are only a form of collective action by states, of management of conflicts in the international arena in the form of institutionalized cooperation. For others, regimes are central features with a significant impact on the very structure of international relations. As international regimes have been a major focus of attention in the field of IR, scholars from all theoretical orientations have written on the topic, be it to defend or to criticize it. One can read about rational-choice/utilitarian approaches, realists, neorealists and modified structural realists, institutionalists, neoinstitutionalists, functionalists and neofunctionalists, cognitivists, structuralists and neostructuralists, Grotians, liberal intergovernmentalists, Gramscians, and

19 See Oran Young (1986:106-7) and (1983:99).
even Foulcauldians. Here, however, I consider that the regime approach is essentially a liberal institutionalist approach. Two different tendencies can be identified: one more utilitarian and one more cognitive.

1.2.1. The Utilitarian Approach

The utilitarian approach is based upon the analysis of actor’s interests. The important variable is therefore interests, and the main proposition is that regimes facilitate cooperation among states by reducing transaction costs. Supporters of this approach neglect the effects of other variables such as power or values. In After Hegemony, Robert Keohane recognizes: "I neither explore how economic conditions affect patterns of interest, nor do I investigate the effects of ideas on state behavior. The theory that I develop takes the existence of mutual interests as given". Regimes are mechanisms which allow states to cooperate in the absence of hegemony. They are seen as intervening variables, as both dependent and an independent variables, as both objects of choice and constraints on outcomes. Rational-choice or utilitarian approaches are market oriented theories. Indeed, Keohane argues that public choice theories, with their focus on the processes by which binding authoritative decisions are made within states, are not adequate to analyze international regimes, which are developed in a context where authoritative and binding governmental institutions are lacking. Regimes are more like contracts, they have the function of facilitating mutually beneficial agreements among governments. Utilitarian approaches try to explain why self-interested actors in world politics should seek, under certain circumstances, to establish international regimes through mutual agreements, and how it is possible to understand variations over time in the number, extent, and strength of international regimes, on the basis of rational calculation under varying circumstances. They focus on institutions as ways for reducing uncertainty and transaction costs. Institutions are perceived as "persistent and connected sets of rules, formal and informal, that prescribe behavioral roles, constrain activity and shape expectations".

21 See for example Andrew Moravcsik (1993) for an Intergovernmentalist approach, Andrew Hurrell (1993) for an 'International Society' approach and James F. Keeney (1990) for a 'Foucauldian' approach of regimes.


Keohane develops a supply/demand approach that borrows from micro-economic theory, analyzing how actors decide which regime to buy on the basis of an analysis of relative prices and cost-benefits calculations over a period of time. In this contractual approach, regimes are formed when there are sufficient complementary or common interests which make agreement beneficial to all members. For Keohane, international regimes have three basic functions. First, they provide the framework for establishing legal liability. Secondly, they improve the quantity and the quality of information available to actors. Thirdly, they reduce transaction costs of organization and for making side-payments in the negotiation of agreements. They also provide for an established negotiation framework and help to coordinate actors' expectations. While fulfilling these functions, international regimes may also assist in compensating for eroded hegemony. In this perspective, the condition for establishing international regimes is linked to the existence of "market failures". For Keohane, "international regimes are only likely to develop where the costs of making ad hoc agreements on particular substantive matters are higher than the sum of costs of making such agreements within a regime framework and the costs of establishing that framework". Regime theory views international institutions as instruments to improve the efficiency of bargaining between states. As Moravcsik argues, "where transaction costs - the costs of identifying issues, negotiating bargains, codifying agreements, and monitoring and enforcing compliance - are significant, international institutions may promote greater cooperation by providing information and reducing uncertainty". The answer to market failures, i.e., conditions under which the market does not produce socially optimal outcomes, is regulation. Regulation, a central concept in the institutionalist approach, can be seen as a distinct mode of policy making aimed at correcting specific types of market failures and at increasing microeconomic efficiency. International collective self-regulation is defined by Mayer et al. as "the voluntary participation by states and other international actors in collective action to achieve joint gains or to avoid joint losses in conflictual or problematic social situations". International regimes are the most prominent manifestation of collective self-regulation by states.

I.2.2. The Cognitive Approach


The cognitivist tendency of regime analysis focuses on ideology, on belief systems, and on knowledge as explanations of institutionalized cooperation and regime change. Cognitive theories argue that mutual expectation of gains to be received from cooperation do not suffice to account for regime formation. There is a need to look at the common perception of the collective action problem. According to Oran Young, cognitive theory can take two forms. It explains regime formation either by the power of ideas or by the existence of a community of shared beliefs - epistemic communities. Regime formation is explained by the presence of a shared vision of the problem at stake and of appropriate solutions. The leading proponent of the cognitive approach to regime theory is Ernst Haas. For him, "the study of regime is a way of mapping the ontogeny and the phylogeny of consensual thought about the interactions between man, culture and nature; it is a way of conceptualizing a shared notion of what reality exists - a reality that includes more than the familiar political conflicts among states". He is concerned with explaining "how islands of order can form in an ocean of disorder". Regimes are conditioned by consensual knowledge, and they evolve as actors learn. In this sense it is a dynamic approach, adequate to explain the content of regime rules and why they evolve. Cognitivists argue that, without shifts in power positions, state interests and preferences can change as a result of learning.26

This dynamic dimension of the institutionalization process is also underlined by E. Alder and Peter Haas, who give a central role to what they call "epistemic communities" in building and changing international regimes. Epistemic community refer to "a specific community of experts sharing a belief in a common set of cause-and-effect relationships as well as common values to which policies governing these relationships will be applied". These communities are a sort of "international elite" composed of technical and scientific experts allied with officials of international organizations, who share common knowledge, values and approaches. Those actors, linked through efficient communication networks and strongly mobilized for specific causes, share the belief that governments should cooperate through the adoption of more efficient management measures. They have a real influence on the process of regime formation as sources of policy innovations and as diffusors of these innovations. In the cognitive perspective, the function of regimes is to provide procedures for avoiding conflict.

inspired by a sense of common purpose - the norms and preferences around which state actions converge.  

I.3. The Critique of Liberal Regime Theory

In the midst of the extensive literature on international regimes, a number of articles and books have focused on the limitations and shortcomings of this approach, criticizing the place it occupies in the field of International Relations. One of the most elaborated critiques to neoliberal regime theory has been developed by Susan Strange. Based on a structuralist approach, in which international relations are primarily determined by the relations of production and the structural arrangements of the world economy, she elaborates five major critiques of the concept of regimes. Firstly, she denounces regimes as a "passing fad", an American academic fashion that results from the perception of a decline in American power, which could be minimized by strengthening the mechanisms of multilateral management. There is a predominance of American concerns, experiences and perceptions in most of the regime literature, thereby constituting a "special pleading by and for the powerful". Secondly, she argues that the concept is imprecise, since it can have several meanings. While for Keohane it means a network of rules, norms and procedures that regulate state behavior and control its effect, for others it can be broadly understood as any fairly stable distribution of power to influence outcomes. Thirdly, the concept of regime is deeply value-loaded. Recalling the French origin of the word "régime", which refers to the principles of regularity, discipline and authority established by a government over society, Strange underlines that it is incorrect to make analogies with the international system in which there is no secular entity to assure order and authority. Moreover, there is also a value-bias in the sense that it takes for granted that order and managed interdependence are the common goals of all states, ignoring the fact that there is no universal consensus on the way of conducting international life. This conservative bias of the institutionalist school has also been noted by authors such as Haggard and Simmons, who stress that regimes are also arenas for conflict and for the

29 In James F. Keiley (1990:83).
exercise of power, and that they very often lead to the institutionalization of inequalities. In general, the positivistic social scientific perspective adopted by neo-liberalism works with the status quo ante without questioning its origins and its developments, resulting in political conservatism. Fourthly, Strange points out that the notion of regimes leads to an exaggeration of the static quality of international arrangements. Regimes are not constant or continuous over time, they may vary as a result of a change in factors such as technology and markets, that can alter the distribution of costs and benefits, and opportunities for regime members. By reducing regimes to "objects", this approach tends to "normalize" power relations, what Guzzini calls "the unvoiced power of the status quo". Finally, the concept of regime is rooted in a state-centric paradigm, and therefore "accords to governments far too much of the right to define the agenda of academic study". By overvaluing the positive aspects of international cooperation and by focusing on the status quo, it hides the fact that on most of the central issues related to the rights and the responsibilities of states towards individuals and towards other states, there is no international regime. As an alternative, Strange suggests looking underneath the regimes, at the bargains on which they are based, and focusing on the question of "how to achieve change" rather than on the question of "how to keep order". From a structuralist point of view, the attention should be brought back to the determining basic structures of the international political economy, i.e., the structures of security, money, welfare, production, trade and knowledge.

The limits of the liberal institutionalist approach are recognized even by its own authors, who acknowledge that it tends to be overly state-centric and ignores the impact of domestic politics on both the creation and maintenance of international regimes. As noted by Haggard and Simmons, it assumes that domestic processes affecting payoff structures are "exogenous". Moreover, it does not explain how regimes arise, the process by which issues are institutionalized and the norms and rules around which they are formed. Another criticism developed by Oran Young is that this approach focuses exclusively on formalized institutional arrangements and neglects the role of coercion in the formation of imposed regimes. Liberal and rational-choice theories also result in an ahistorical approach to world politics. It is not
able to account for cultural variations and for the impact of the social process of learning on the preferences of actors. Finally, Reflectivists such as Friedrich Kratochwil denounce that "reducing all warranted knowledge to law-like statements about empirical regularities leaves out important aspects of the social world". By assuming that preferences and interests are fixed, liberal approaches are not capable of explaining how interests change as a result of changes in belief systems and in values.

I.4. Regime Analysis Applied to the Environment

Generally speaking, regime analysis, when applied to the environment, focuses on the global and universal aspects of environmental concerns, and emphasizes the opportunities for international co-operation. The institutionalist analysis of environmental change can be perceived as an extension of long-standing concerns with international cooperation as a means to 'managing' the global economy. The issues were conceptualized as an extension of the classic problem in IR, i.e., how to provide some form of order and governance in an 'anarchic' system of sovereign states. According to List and Rittberger, for example, the spread of international regimes on the environment is, together with economic and security interdependence, part of a broader process of change in International Relations. It will not only lead to the introduction of novel elements of governance into the international system: only by virtue of this governance, by the acceptance of non-discriminatory norms and rules that limit their autonomy, can states persist. This governance will be made of a changing mix of regulated and unregulated conflict management which will give rise to "regulated anarchy", a form of cooperation and conflict management on an issue-by-issue basis. Some authors see environmental regimes as opening a new era of international co-operation. Richard Benedick portrays the Montreal Protocol on Substances that Deplete the Ozone Layer, for example, as a landmark, "a symbol both of fundamental changes in the kind of problems
facing the modern world and of the way the international community can address those problems", as a "hopeful paradigm of an evolving global diplomacy wherein sovereign nations find ways to accept common responsibility for stewardship of the planet and for the security of generations to come". 35 Peter Haas, in his analysis of the Regime to Control Mediterranean Pollution, also mentions the specificity of environmental issues. For him, "the international environmental behavior is remarkably different from generalized international behavior (...) It is more comprehensive, future oriented, and sensitive to environmental interlinkages between issues than what has been widely observed in the past and in other issue areas", constituting what he calls "an international political order for the environment". 36 The main discourse can be schematized as follows: because environmental problems negatively affect more than one country's perceived interests, they present opportunities for cooperation on the basis of mutual interests. The "global" nature of environmental problems produces almost automatic incentives for cooperation. Conflicts only arise because of the fragility of environmental cooperation, and because of the barriers to collective resource management. I will now describe more specifically how both the utilitarian and the cognitivist variation of the regime analysis have been applied to environmental issues and evaluate how adequately they can account for global environmental change.

I.4.1. Utilitarian Approaches Applied to the Environment

For utilitarians, in the case of environmental protection, it is the existence of negative externalities that creates the need for cooperation. 37 For example, the need for a form of international regulation on the issue of forests emerges because market mechanisms and policy makers fail to recognize environmental costs and non-timber forest values. Soil erosion, decimated fisheries, biodiversity wealth, aesthetic and cultural values, and other environmental costs of production do not show up in market prices, leaving timber underpriced and forests undervalued. The market does not include environmental costs in the price of timber


37 A negative externality "exists when the actions of one individual, one firm, or one government impose uncompensated costs on other individuals, firms, or governments". Other important types of market failure include failure of competition, public goods, incomplete markets and failures of information. See G. Majone (1993:5).
production. The costs of deforestation - environmental costs as well as the cultural and aesthetic values of forests - are borne by society as a whole, and not by the beneficiaries of forest exploitation. Moreover, the market overvalues timber in relation to non-market forest values, which are not priced. As a result, consumers pay less and consume more forest products than they would if the market price included the cost of externalities. The underpricing of timber and of forest products in general is therefore an incentive to consumption and to deforestation.  

Regimes are thus means to escape the tragedy of the commons at the global level. The metaphor of the "tragedy of the commons", first applied to the environmental field by the biologist Garrett Hardin in 1968, is often used to justify the need for cooperation to avoid "free-riding". The "tragedy" refers to the situation in medieval times when each herder maximized his use of the commons by introducing as many cattle as possible, leading to grazing overuse and hence to a final starvation of the herds. The individual herder had immediate benefits by overexploiting the resource, but the final result was negative with the costs having to be borne by the society as a whole. At the present time, according to Hardin, we are going through the same process, with the overexploitation of natural resources bringing immediate benefits to some, but with the environmental costs passed to human society as a whole.  

Some form of international cooperation is needed to avoid this tragedy. And regime analysis finds a good reason to promote this view: it is economically rational to protect the environment, the environment has a proper economic value which has to be calculated and internalized. Following Hardin's concern with the 'commons', a great deal of literature focuses on common pool resources and on the resolution of "collective action problems".  

A more extreme application of a utilitarian approach to the environment is to be found in an article called "Of Oil and Rainforest. Using Commodity Cartels to Conserve Depletable Natural Resources". Pointing to the difficulting of ensuring that all externalities are included in the price of a good, the author suggests instead to charge consumers higher prices in order

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38 See Michael Saunders (1991:873-4). A more detailed account of the use of market mechanisms to protect tropical forests is given in Chapter 4.


to discourage consumption. He takes the case of tropical forests and suggests that "under certain circumstances (commodity) cartels do indeed offer a promising way to slow the world’s consumption of important natural resources and can thus contribute significantly to the cause of environmental protection". He concludes that "it is therefore imperative that environmentalists, economists, and the producers and consumers of all rainforest products begin considering the possibility of forming a cartel fairly soon". In a typical example of extreme economicism, the article does not consider the complex political economy of environmental change and overlooks the power relations inherent in markets. It neglects the fact that forests are the habitats of people and species and cannot be assimilated to oil platforms. The assumption in this view is that all aspects of life on the planet can be reduced to market considerations. The mistake in this analysis is that the environment is not a commodity and therefore cannot be analysed as such. As pointed out by Jacobs, the environment in general is not traded and individually consumed like ordinary ‘produced’ goods and services. It is not owned in a straightforward way and it is often ‘consumed’ free of charge. For Jacobs, the environment belongs to the sphere of moral valuation, not to the sphere of monetary considerations. People choose what they believe to be right, as citizens, rather than what is in their interest, as ‘consumers’. The environment is thus a classic example of a public good, and the value of public goods cannot be derived from individual market preferences. The argument that the environment exhibits a market failure cannot be accepted since there was no market in the first place. The existence of a market is not natural. Allocating resources "optimally" and "efficiently" is only one possibility. There are other criteria for allocating resources, such as distribution, equity in access to natural resources, future generations or the rights of other species. To privilege optimality is to make a normative judgement that this is the best criterion. It is a fallacy to believe, as do utilitarians, that it is ethically neutral.

I.4.2. Cognitive Approaches Applied to the Environment

41 Robert A. Madsen (1995:208,226). According to Madsen, if governments of the rainforest countries were to establish an international commodity cartel to manage the production and sale of the forests’ products, they would be able to impose monopoly prices on the forests’ outputs generating higher returns, and they would gain political control over a significant natural resource, which is "extremely attractive". A cartel would thus "prove to be a more effective solution to the problem of deforestation" (222). The author is a Management Consultant at McKinsey & Company, Palo Alto.

Cognitive approaches applied to the environment have focused more on the role of certain ideas and concepts and on the influence of communities of shared beliefs on the development of institutions and regimes. The main concern is to "explain why and how environmental compromises and institution-building may come about or are likely to happen". According to List and Rittberger, one of the major positive consequences of international environmental regimes is the production of knowledge otherwise not available. They speak of a "world of sovereign polluters which are reluctantly driven to cooperate by the dictates of formally ecological interdependence". 43 A classic example of a cognitivist approach is Peter Haas' analysis of the Mediterranean Plan to fight maritime pollution. His approach is concerned with "the effect of experts and knowledge-based communities on governmental learning and the development of new state objectives". He argues that states' response to instances of environmental degradation will depend upon who is responsible for articulating the causes of such degradation and for purposing policies for its management. Under conditions of uncertainty, leaders will consult experts who form an "epistemic community", who share a common interpretative framework or "consensual knowledge". This community may lead governments to adopt convergent pollution control policies and support efforts at coordinated pollution control. "Foreign and domestic policies may both be affected". In the case of the Mediterranean, the epistemic community played an essential role in publicizing concern, in identifying sources of pollution, and setting the general discourse, affecting the range of pollutants that were controlled, the sources of pollution, and the channels by which they are transmitted. Also focusing on the role of knowledge communities, Paul Wapner suggests to use the category of "world civic society". For him, transnational environmental NGOs work to shape the way vast numbers of people throughout the world act toward the environment using modes of governance that are part of "global civic society", disseminating a sensibility which circulates throughout all areas of collective life. 44

Another element in this perspective is the assumption that the concern for environmental protection arises from a moral recognition of new rights and duties of states and individuals. It is presented as a moral imperative, related neither to political or economic advantage. The


De Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil European University Institute DOI: 10.2870/73863
perception of natural resources as a "common heritage of mankind" for example plays a role in the definition of eventual solutions to the common problem, and thus in the shaping of the regime itself. Defenders of this view argue that states are now "locked together" in sharing the use of a common global environment, and that the traditional definition of national interest, based on the underlying assumption that one state's national interest conflicts with those of other states, is increasingly irrelevant. The tendency is to borrow heavily from notions of international law such as 'global commons'. Oran Young, for example, suggests that we "shift the focus to international law", "finding ways to bridge the two cultures of law and the social science in the study of international governance". Such authors believe in the preponderant importance of legal documents and agreements. They argue that even weak agreements can draw international attention to a specific issue, creating pressure for compliance and laying the ground for future agreement, as well as playing a role as a source of moral persuasion. Even soft law provisions that create no legally binding obligation are seen as important tools for expressing societal values and showing the emergence of a consensus.

But it is the development of institutions which remains the main concern of Neoliberal Institutionalism. According to the famous "Harvard Study", effective institutions can affect the political process in three ways: by contributing to more appropriate agendas reflecting environmental threats, by contributing to more comprehensive and specific international policies through intergovernmental bargaining, and by contributing to national policy responses which directly control sources of environmental degradation. In the case of pesticide use in developing countries for example, organizations such as UNEP and FAO have created a setting in which green NGOs, chemical companies, environmental ministers, agricultural ministers, and country officials from developed and developing countries could pursue a shared view of their respective responsibilities. This shared view was embodied in the FAO Code of Conduct which, though weaker than expected by environmentalists, has been used

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46 Oran Young (1994:11).

47 Michael Saunders (1991:888). Analysts of international law such as Kiss argue that the main implication of global change is precisely the emergence of a "real system" of international institutions to address the global concerns of humankind. Alexandre Kiss (1992).
to impose greater discipline on industry. The author concludes optimistically that "there is every reason to believe that this process of marginal but constructive change will continue in the years ahead". 48 Other authors stress the role of science and point to the interface between science and politics as a critical determinant of regime formation and of the development of institutions. Richard Benedick, the leading diplomat in the US delegation at the time of the ozone negotiations, explains that the intimate collaboration between scientists and policymakers was the key factor explaining why the Montreal Protocol, which "sounded a death knell for an important part of the international chemistry industry, with implications for billions of dollars in investments and hundreds of thousands of jobs in related industries such as food, transportations, plastics, electronics and health care", was in the end adopted. In a case where "international economic cooperation clashed with the need for international environmental cooperation", it played a crucial role. 49

Also analyzing the ozone regime, Liftin subscribes to the point of view of the dominant and distinctive role of scientific discourse in regime formation. However, to the argument that international environmental problems are inherently science-driven, and scientific knowledge could provide the common ground that was lacking among countries, she objects that science does not provide a body of objective and value-free facts. "Rather", she argues, "knowledge was framed in light of specific interests and preexisting discourses so that questions of value were rendered as questions of fact, with exogenous factors shaping the political salience of various modes of interpreting that knowledge". "Not surprisingly", she notes, "what was accepted as knowledge was tightly linked to the political and economic interests of the principal antagonists, the USA and the European Community". The process consisted of an interactive relationship between knowledge and power, science and politics. She suggests putting the emphasis on discourse rather than on states, and to interpret regimes as loci of struggles among various networks of power/knowledge. The Montreal Protocol can better be

48 The 'Harvard Study' is the book by Peter M. Haas, Robert O. Keohane, and Marc A. Levy (1993:8). The example on pesticides is in the section by Robert L. Paarlberg in the same volume (309-350).

understood as the story of how a dominant anti-regulatory discourse was supplanted by a new regulatory one.  

This is only one of the many limitations of the liberal institutionalist approach. Liberal regime analysis is well able to account for regime formation and for the part of cooperation which is negotiated and formalized into international agreements and principles. However, the development of international institutions cannot by itself be the only solution to the process of environmental degradation. In the case of tropical forests, for example, the root causes of deforestation often lie in domestic factors such as the lack of clearly defined property rights over the use of forests and forest products, demographic pressure, and political power over the disposition of forests. By presenting environmental concerns as a consensual issue, the regime approach has helped depoliticize environmental problems, making them appear as technical "resource management" problems. It treats problems of environmental degradation as technical, and susceptible to be solved through better technology, better management and increased international cooperation. The "environment" is considered to be neutral, neglecting the fact that the benefits of environmental protection are not equally distributed. This assumption of the efficacy and necessity of international institutions cannot simply be taken for granted.

II. The Realist Approach

II.1. Basic Assumptions of Realism

Realism, the dominant orthodox approach in IR during the Cold War, stresses underlying power structures and the need for hegemonic stability. According to Krasner, Realism is based upon the four following assumptions: 1) the constitutive actors in the international system are sovereign states; 2) the international system is in a state of anarchy; 3) states must be concerned with their own security; 4) states are rational unified actors. Taking the distribution of power among states as the explanatory variable, Realism claims that given a particular
distribution of power among states it is possible to explain both the characteristics of the
system and the behavior of individual states.\textsuperscript{51} There are today several types of "Realism":
Neo-realism, Modified Realism, and New Critical Realism. In particular, Neo-realism as
defined by Waltz makes a much stronger quest for methodological rigour than classical
Realism. Based on developments in the philosophy of science and structuralist modes of
social-scientific explanation, Neo-realism seeks to delineate the main structural features of the
state system.\textsuperscript{52} Despite controversies between defenders of different tendencies, the common
and shared assumption of all Realists is the view of international relations as inherently
conflictual, with states seeking to gain control over other states in an endless search for
power. Compared to Neo-Liberal Institutionalism, Realism is less convinced of the efficacy
of institutions. The Realist perspective tends to see regimes as imposed by a hegemonic power
defending its national interests. Cooperation, when it happens, passes with the demise of the
hegemon.\textsuperscript{53} Realism emphasizes resource wars and the "high politics" aspects of
environmental issues, the most notable example being the construction of the concept of
"environmental security".

II.2. Realist Approaches to the Environment

Institutionalists have argued that global environmental politics do not give rise to a hegemonic
power in the traditional sense of the ability to coerce other states into accepting the
hegemon's position on a particular environmental issue. Several authors stress that military
power has little impact in the area of environmental protection, and that the structure of
economic power also contributes little to the shaping of environmental agreements. For them,
considerations of "high politics" do not have direct influence on international environmental

\textsuperscript{51} Stephen Krasner (1996:115).

\textsuperscript{52} Andrew Linklater (1995:245). For more on Neo-realism see R. Keohane (1986). After the debate between Realists, Neorealists and
Modified Realists, the recent book edited by Robert Cox on multilateralism proposes a critical 'New Realism', not far from structuralism,
which "directs attention to changes in the structures underlying world order and stands back from the present in order to examine critically
how the existing structures came into being, the forces that could be changing them, and the potential for a more broadly defined

\textsuperscript{53} My intention here is not to discuss in depth the assumptions of Realism. For examples of classic Realist approaches see Stephen
negotiations and outcomes. Stronger countries do not always obtain the outcomes that best satisfy their interests. In the case of forest negotiations during UNCED, for example, developing countries were able to block the negotiation of a legally binding convention for the protection of forests and to open the debate to all kinds of forests, and not just tropical forests, in what was considered the most "significant setback" of Rio.

Yet, for Realists, this does not mean that the global power structure has no impact on global environmental protection. On the contrary, Realists see the environment as another "issue-area" in international relations which will lead to potential conflicts among states. For example, when considering international environmental bargaining, they sustain that outcomes are a reflection of the interstate power structure and of the role of dominant states. In the case of deforestation for example, if the whole process and not only the provisional outcome of the Rio Summit is considered, it appears that the very idea of having an international regime on forest protection, rejected from the outset by developing countries, is itself a reflection of developed countries' interests. Moreover, it is most likely that an international treaty or convention for the protection of the world's forests will ultimately emerge at some point in time, despite the opposition by the major tropical forest states such as Malaysia, India, Indonesia and, to some extent, Brazil. Realists thus focus on the interstate power context in which the negotiations take place at the global level. In the case of global issues, power may determine the structure of the payoff matrix, the constraints existing on the available options, the actors playing the game and who wins and loses.

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54 See Gareth Porter and Janet W. Brown (1991:19) and Martin List and Volker Rittberger (1992:104). For a view on the distinction between "high" and "low" politics see Roger Morgan (1977). In a recent reappraisal twenty years after the book, the author acknowledged that nowadays what he then called "low politics" - issues of economic cooperation - have become "high politics". (Florence, European University Institute, presentation to the Working Group on International Relations, 9th December 1995).

55 In a Working Paper written after UNCED negotiations, I have argued that specific conditions in the case of forests, linked to the nature of the dependence relationship between the parties, have modified the initial balance of power and allowed the weaker states to achieve their desired outcome. This case is a good example of the inadequacy of realism to analyze environmental issues. See Valérie de Campas Mello (1993).

56 Those are the words of the British Secretary of State for the Environment, Michael Howard, in a speech at the Natural History Museum, London, on 24 June 1992, quoted in Stanley P. Johnson (1993:103).

57 For an illustration of this view see, for example, Barry Buzan (1992).

58 For a full account of the origins, formation and contradictions of the global "forest regime", see Chapter 4.

59 An argument in favor of a power approach can be found in Stephen Krasner (1991:366).
In addition, for Realists, strategic considerations are of crucial importance in order to understand how environmental issues are dealt with at a global level. During the Cold War years, international security was a concern almost exclusively limited to the field of military power. The main goal was to avoid war and to contain the advance of communism in the Third World. Following the collapse of communist regimes, the risk of a nuclear war involving major industrialized countries was widely perceived as no longer existing. This has led to a tendency to redefine the concept of security to encompass not only military but also economic and environmental concerns. The end of the Cold War and the growing awareness of global environmental problems such as global warming and the greenhouse effect have shifted traditional security concerns to a focus on collective global security. According to the Brundtland Report, the sources of insecurity now encompass "unsustainable development": "the traditional forms of national sovereignty are increasingly challenged by the realities of ecological and economic interdependence. Nowhere is this more true than in shared ecosystems and in the 'global commons', those parts of the planet that fall outside national jurisdictions. Here, sustainable development can be secured only through international cooperation and agreed regimes for surveillance, development, and management of the common interest...'). The concept of environmental security has influential advocates such as Gro Harlem Brundtland, US Vice President Al Gore and former UN Secretary General Boutros Boutros-Ghali. It has been adopted by the UN Security Council which recognized that "non-military sources of instability in the economic, social, humanitarian and ecological fields have become threats to peace and security". In this perspective, global environmental degradation is seen as a source of economic disruption and political tension, therefore entering the sphere of strategic considerations. In the case of climate change for example, the consequent rising of the sea level and the effects of variations of temperature on agricultural


production would require deep changes in the economy and impose high costs on all countries, thus leading to very unstable situations. The issue of forest preservation also fits into this context, since forests contribute to the stability of climate by acting as carbon sinks, and assure the regeneration of ecosystems by providing reservoirs of biological diversity. Preserving forests then becomes more than an ecological concern: it is also a security imperative. As described by Homer-Dixon, "fast-moving, unpredictable, and complex environmental problems can overwhelm efforts at constructive social reform. Moreover, scarcity can sharply increase demands on key institutions, such as the state, while it simultaneously reduces their capacity to meet those demands. These pressures increase the chance that the state will either fragment or become more authoritarian. The negative effects of severe environmental scarcity are therefore likely to outweigh the positive".  

The threats associated with 'environmental security' are of three kinds: first, there is a threat to the economic and political stability of a country or a region, caused, for example, by mass migration of environmental refugees; second, there is the possibility that environmental disagreements or conflicts over natural resources may erupt into military conflicts, as in the case of the Gulf War; and third, from the global perspective, there is the risk of disruption of the life-sustaining processes of the Earth. Some authors go as far as stating that "only an ecological security conceptual framework will provide the basis for ordinary people (i.e., not just academics and politicians) to understand environmental problems and the basis for the personal involvement necessary to redress them".  

The debate on "environmental security" has become a major theme in peace research since the end of the Cold War. It has raised many controversies, with some authors arguing that it has not been "wise" to connect environmental problems to traditional security. Critics of the concept of environmental security note that the focus on environmental issues was an effort by peace researchers to direct funds from armed security to civic security in order to contribute to the possible post Cold War conversion, but that it has failed: the military prevailed in the debate and were able to adapt themselves in the field of environmental issues.


64 Alexandre Tomoshenko (1992:37).
There is a risk of militarizing environmental problems. The means for providing "environmental security" are obviously not the same than the means for providing national security in a traditional sense. As observed by Ken Conca, "by building its foundation on metaphors of the market, scarcity and carrying capacity, ecological-security discourse seems more likely to militarize the environment than to green either the concept or the practice of security". Far from greening the state, the concept could serve to reinforce a Hobbesian state system and legitimize the militarization of state responses to environmental problems. Moreover, as argued by Matthias Finger, the concept mixes subjective individual feelings of security with the relative and competitive feeling of security as it applies to nation-states in the current state-system. It also hides the fact that military activities contribute to environmental degradation, presenting the military as part of the solution rather than part of the problem. Indeed, the military is itself a major cause of the ecological crisis. And the politics needed to tackle the environmental crisis may have to challenge the power of those who have benefited from the Cold War militarized version of state politics. Finally, critics in the Third World have perceived the concept as a way for developed countries to legitimize a growing interventionism in environmental policies in the South. Security is in a way premised on maintaining the status quo. Speaking about "environmental security" implies restricting global change to the framework of the protection of the Western identity, and conferring key decision making authority on undemocratic elites who act in ways that protect the 'military-industrial complex'.

Several authors agree that Realism is not adequate to explain global environmental change, and criticize its fixation with state power, its dismissal of the role of non-governmental organizations and its failure to address problems which challenge the classic notion of sovereignty. The pluralist approach, which recognizes transnationalism and interdependence, is best prepared. In an analysis of how the differing theoretical approaches to IR (Neo-realism and Neoliberal Institutionalism) would account for the process of cooperation on global warming, Paterson has shown that Neoinstitutionalism produces the most satisfactory explanatory account of the international politics of global warming, with its focus on the role of institutions in cognitive development and agenda-setting. The case of global warming

negotiations, during which state's interests were continuously intersubjectively constituted, is evidence that Realism's assumption that states are utility or power maximizers is flawed. While Realism is helpful in drawing the attention to the conflictual aspect of global environmental politics, its emphasis on continuity makes it harder to account for social change. Still, Paterson notes that, ultimately, both theories are inadequate since the politics of global warming can only be adequately understood in terms of the historical development of scientific knowledge, international institutional development, the politics of environmental problems in general, and the interactions between these factors, all of which require a historical analytical approach.  

To conclude, Realism, by focusing on power, limits the means of dealing with global environmental change to the conventional set of objects of IR study: intergovernmental agreements, international regimes, debates about national sovereignty, and arguments about collective action. For Cox, the error of Realism is to take a form of thought derived from a particular phase of history - the Cold War - and from a particular structure of social relations and to assume it to be universally valid. Realism is not able to account for social change. As emphasized by Vogler, it is intellectually incapable of embracing questions of ecological interdependence: its positivist claims to objective knowledge exclude values not associated with national interest. New efforts directed towards developing a critical realist tradition might contribute in the future to rehabilitate Realism as a more appropriate tool for understanding global change. 

III. Critical Global Environmental Politics

Neoliberal Institutionalism is thus unable to account for the complexity of global environmental politics. Both the Neoliberal Institutionalist and the Realist approach share a

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68 As stressed by Falk, unlike neo-realism, critical 'new' realism does not suppose the existing reality is comprehensible by reduction to the structure of interaction among the dominant units, and does not accept the analogy of human and political behavior to rational behavior in the market place. It is also more historically aware, and sees the state and the state system as having emerged, evolved and continuing to evolve in response to contradictory pressures. See R. Falk (1994:41,45).
positivist epistemology, they consider global environmental change as originating outside the social systems in which its consequences are assessed. The link with the development model and the system of production and accumulation which has produced this change is not explicit. Environmental destruction is not placed in the historical context of capitalism and industrialization. And the obstacles global change places on the possibilities of a more sustainable world are not often identified. In the words of Vogler, "orthodox IR fails to comprehend the historical dynamic of the global system of capital accumulation which has been integral to the production of environmental degradation". Moreover, by focusing on international regimes and agreements, these approaches tend to be state-centered and assume that every state has the capacity, the internal legitimacy and the will to manage all resources falling within its territorial boundaries. They also neglect the power conflicts that arise between the state and society in the process of allocation, control and accessing of resources. As stressed by Peter Doran, "within the Global Environmental Politics literature the academic agenda is an unreflective and uncritical extension of the desire to control and integrate the international system, this time in the service of an ascendant ideology of global environmental management or 'ecocracy', reflecting the corresponding values and interests of existing international institutions and their most powerful members". This literature on international environmental regimes tends to adopt what Robert Cox calls a "problem-solving" approach. In his words, "it (the problem-solving approach) takes the world as it finds it, with the prevailing social and power relationships and the institutions into which they are organized, as the given framework for action. The general aim of problem-solving is to make these relationships and institutions work more smoothly by dealing effectively with particular sources of trouble".

Recently, more interesting and critical approaches have been developed, stressing the need to go beyond the rigid framework of interstate relations and sovereignty considerations in order to understand environmental politics. Ken Conca and Ronnie Lipschutz have asserted that global environmental change calls into question not just the distribution of power but also the meaning of power, the legitimacy of rules, and the nature of authority. For them, a new

social dynamic, which they call 'global ecological interdependence', is emerging, in which
governments find themselves bound to common efforts and joint solutions, and in which the
traditional authority structure of world politics is increasingly fragmented. Indeed, as remarked
by Saurin, "the appearance of theoretical stability and security afforded to orthodox IR by the
ascription of sovereignty to the political formation known as the modern state is radically
undermined by the scale, spread, dynamics and complexity of global environmental
degradation". Speaking from a global sociology perspective, he suggests focusing on the
global structures of power, on the articulations between capitalism on the one hand and
patterns of distribution and consumption on the other, that is, on the underlying causes and
processes which engender environmental change. 71

III.1. Basic Assumptions of Critical Environmental Politics

The critical approach I adopt is centered around three basic assumptions. First, it accepts the
relativity in the understanding of nature and rejects the 'same boat' ideology which
prescribes universal solutions to ecological problems. Second, it believes in the inadequacy
of concentrating exclusively on interstate relations. And third, it identifies economic
development and globalization as the underlying causes of the ecological crisis and thus as
major factors to be taken into account in the analysis of the responses to that crisis.

III.1.1. Rejection of Universality

Critical global environmental politics recognizes that human understanding of nature is
historical and cultural. The way in which actors perceive environmental issues is determined
by historical and cultural visions of the interrelation of man with nature. Nature is a social
construction that changes over time. Peter Doran argues that in Europe, the construction of
the nature myth is based on a representation of nature as an unproblematic object, subject of
scientific discourse, and manipulable for human purpose. This representation of nature became
dominant as the "Western" view of nature. However, in other cultures, nature is perceived in
different ways. For example, the 'western' instrumental view of nature contrasts with

indigenous knowledge systems that attribute sacred meanings to nature. Nature, says Doran, is always experienced as an 'ideological construction', through the mediation of society, and interacting with other discursive themes such as science, development, industrialism and capitalism. Critical global environmental politics starts by questioning what is 'global'. As stressed Shiva, the 'global' in the dominant political discourse is the political space in which a particular dominant local seeks global control, and frees itself of local, national and international restraints. The global does not necessarily represent universal human interests, but rather a particular interest which has been globalized.  

For Saurin, environment and environmental issues are themselves social constructions. IR should resist the temptation of abstraction and of universalizing what are historically contingent expressions. A critical approach must question the globalization project and the tendency to universalization, this belief in a world culture with a universal language, an international professional class cutting across cultural and national boundaries, in a homogenization of societies. It needs to identify clearly that this 'world culture' is in fact Western culture, and that other views are equally valid. In the same line, a critical approach recognizes the gendered nature of the assumptions which have underlined the development of social and political institutions and which inform the policy-making of organizations at all levels. Some ecofeminist authors claim that women and nature are under a common mode of domination and exploitation developed from and legitimated by masculine systems of thought. For example, Shiva shows the patriarchal character of development with the emphasis on technology and science, which results in the devaluation of traditional forms of agriculture. With the replacement of sustainable agriculture by market-oriented production for exports, small producers, and in particular women, often become increasingly marginalized.  


73 See Julian Saurin (1996:84). A recent article in The Economist identifies this phenomenon as the "knowledge era", in which, 'increasingly, bankers, computer programmers, executives, even military officers are said to have as much in common with their opposite numbers in other countries as with their next-door neighbours'. See 'Cultural Explanations. A Man in the Baghdad Café' in The Economist November 9th 1996.

not necessarily better than today, at least not at a generalizable level, the impact of
development and global change in gender relations and in the relationship between women
and nature must be recognized.

III.1.2. Rejection of the Exclusive Focus on Interstate Relations

The second argument of this critical approach is the inadequacy of concentrating the political
analysis of environmental change exclusively on inter-state relations and negotiations. In the
context of structural change and economic globalization, rather than start the analysis with
a study of how states respond to environmental change, what is needed is to study how social,
economic, cultural and political practices across the world both generate this change and
constrain the responses to it. As stressed by Saurin, critical IPE must remove the false
promises of an analysis of 'high' politics in which the International Relations of Global
Environmental Change is narrowly interpreted as a concern with the ad hoc responses of
officialdom to environmental change. The radical disjuncture between the dynamics and the
processes of environmental degradation and economic development on the one hand and the
territorially based authority of the state on the other hand renders inadequate an emphasis on
the state as the basic causal unit of environmental change and as the most competent actor
of mediation of this change. In the same line of reasoning, Marc Williams argues that
analyzing the global ecological crisis requires a rethinking of fundamental concepts and
assumptions of International Relations. It must encompass a study of the role of non-state
actors, and particularly those responsible for the crisis itself, such as transnational corporations
(TNCs). It must also acknowledge the existence of local responses to global change and the
emergence of actors resisting globalization. Finally, it must recognize that the state is only
one amongst a multitude of competing principles for social organization, and that it should
therefore be regarded as a historical construction rather than as a natural object. 75

III.1.3. Recognition of the Ecological Crisis as Linked to Economic Development

Finally, the central premise of this critical approach is that environmental degradation is the result of capitalist development, and therefore sustainability cannot be reached exclusively through the use of market instruments, as argued by Utilitarians, or through the creation of international institutions, as argued by institutionalists. The ecological crisis shows well the contradictions inherent in the logic of capitalist industrial societies. As pointed out by Leslie Sklair, "the hypothesis that there is a contradiction between capitalist development and global survival appears (...) to have prima facie plausibility". He argues that the culture-ideology of consumerism is the cause of this contradiction. He pleads for focusing on demand-side issues - consumption patterns - instead of supply-side systems (production systems). A critical analysis should thus concentrate on the underlying structural conditions which produce global environmental change and, in this case, deforestation. It argues that it is no longer possible to treat ecology and international political economy as separate spheres.

III.2. Theoretical Affiliation: IPE and Neostructuralism

A critical approach to environmental problems is thus clearly an International Political Economy (IPE) approach. IPE can be broadly defined as the interaction between states and markets. As stressed by Gilpin, "the tension between these two fundamentally different ways of ordering human relationships has profoundly shaped the course of modern history and constitutes the crucial problem in the study of political economy". For Gilpin, IPE refers to the "causes and effects of the world market economy, the relationship between economic and political change, and the significance of the world economy for domestic economies". Susan Strange’s definition gives more emphasis to the structures of power in the world economy, arguing that IPE "concerns the social, political and economic arrangements affecting the global systems of production, exchange and distribution, and the mix of values reflected herein". Finally, Marc Williams gives a more complete definition of IPE as "the analysis of the exchange of goods and services across national boundaries, the institutional arrangements which govern these transactions, the policies taken by governments and other actors concerning these flows and institutional arrangements, and the sets of questions posed by the

existence of global production, distribution and consumption". To synthesize, an IPE approach will focus on breaking down traditional distinctions between the international and the domestic, and between politics and economics. It will focus enquiry on the system and on the mix of values in it. The research starts with the basic questions defined by Susan Strange, namely, "by what political and economic structures (global change at the end of the XXth century) did this outcome (a contradictory liberal 'management' approach to the ecological crisis) come about? And who benefited from it (TNCs, affluent societies in the North, elites in the South), and who paid (those excluded from the globalization process)?" 78

Although the ecological dimensions of global structural transformation have not penetrated the core concerns of IPE, there have been some attempts to develop an IPE approach to ecological change. 79 In particular, the work of Polanyi has been used as a basis to understand the contradictions of capitalist development and its impact on ecology in the context of global change. The greatest contribution of Polanyi is his understanding of markets not as mechanisms arising naturally but rather as resulting from the exercise of state power. His work on The Great Transformation (1944) has served as a basis for analyzing what is now understood as the "second Great Transformation", the globalization process experienced at the end of the Twentieth Century. As far as global political ecology is concerned, the starting point for a critical approach is Polanyi's understanding of the 'Great Transformation' process as provoking a 'disembedding' of society which took the form of the commodification of labor and nature. While Realism and Neo-liberal Institutionalism view ecology as an exogenous and passive sphere to be controlled and 'managed', isolating ecological problems from the sphere of power and ideology, the critical IPE approach borrows from Polanyi's conceptualization of the interrelationship between social organization and the natural world, nature becoming commodified with the advent of market society. It rejects the 'management' approach of the ecological crisis and considers it as an example of a 'problem solving' rather

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79 For example Mitchell Bernard (1997) and Matthew Paterson (1996).
than of a critical approach. As stressed by Saurin, "managerialism can never be the purpose of critical academic enquiry". 80

The critical approach I defined is also inspired by neo-structuralism in the sense that it considers the structural influence of global forces upon politics. Neostructuralism proposes to shift the focus from the interaction between supposedly discrete entities (the state) to the dynamics of social development within the international system as a whole. The object of enquiry is the process in which states and societies are being transformed through their participation in the world system as a whole. It emphasizes the interrelation between policies and the wider socioeconomic and ideological domestic and international setting. 81 Central in this view is the refusal of the domestic-international separation. As pointed out by Palan, "the state, i.e., the political process, not only reacts to external stimuli - military threat, economic competition, economic hierarchy - but, in reacting, internalizes these stimuli. Through the mutual interaction between national and international processes, the "outside" becomes the "inside", and the "inside" becomes inseparable from the "outside". The problem of causation, which assigns predominance either to the domestic or the international, is misdirected". The distinction between "levels of analysis", i.e., the classic distinction between national and international factors in traditional IR analyses, prevents a true understanding of the mutual interaction between domestic social structures, the state and the international system. 82 In this specific case, a critical IPE perspective considers how economic development model and globalization affect and influence environmental politics and policy. But it also tries to problematize the domestic level of response and transformation, seeking to answer two questions: how is Brazil affected by the transformations at the global level and by its participation in the world system? What are the implications of the globalization of ecology for Brazil? And how is it responding to these transformations? The emphasis is on the transformative process of the Brazilian state-society relations as a process partly conditionned by globalization.

80 See Karl Polanyi (1944). This section borrows from the analysis of Mitchell Bernard (1997:78-83) of Polanyi's contribution to the analysis of the ecological dimension of global change. See also Julian Saurin (1996:78).


Critical IPE emphasizes the underlying structures which have provoked the ecological crisis. In this sense, it is a historically-based approach. It considers the situation of environmental protection in the context of the gradual evolution of the development enterprise into an emerging globalization project, a transnational project designed to integrate the world which has both integrating and disintegrating effects. It identifies the contradictions in the capitalist model which are being exacerbated by globalization, its inherent necessity for economic growth and its mechanistic world view which result in a "commodification" of nature. Instead of taking "globalization" for granted, as an unproblematic process, it sees it as a process which transforms social structures and introduces new and sometimes undemocratic forms of governance, as some groups lose formal representation in decisions about their material future.

A critical IPE approach thus considers development and globalization as economic but also highly political processes which provoke resistance and conflicts. It stresses the ecological limits to globalization, both in terms of the incompatibility between the scale of economic activity and the disruptions caused by their waste output and in terms of the resistance from local groups to the transformation of their ecological space or to the expropriation of their access to natural resources. This approach is committed to social change, it believes that changes in production and consumption patterns in order to ensure greater equity, redistribution and more environmental care are feasible. It also believes that people have the right to participate in decisions affecting their lives, social situation and cultural heritance. It argues that what is needed is a transformation in the political economy that would place the issue of equity at the center of political concerns. In this sense, such a critical approach is better prepared to understand the emergence of environmental concerns and to explain why they are increasingly recast in a global liberal framework. Indeed, the fact that environmental concerns are now considered as 'global' cannot be taken for granted. To fully understand the process, it seems useful to ask what has been globalized, why, what are the effects of this globalization, and globalization for whom? This thesis argues in favor of analyzing political transformations and changes in environmental policies and politics as processes inserted in the dynamics of the global capitalist system as a whole and as part of a structural change in the world economy. By locating global environmental issues in the historical context of

development and economic globalization, it becomes possible to understand the way in which they are currently being addressed and the kind of solutions which are being advanced.

III.3. Theoretical Strengths of the Critical IPE Approach

The example of Brazil and the reforms in Amazonian policies will confirm the strengths of such a critical IPE approach in comparison to Neoliberal Institutionalism and to Neorealism. In considering the transformations taking place in Amazonian policies in the 1990s and the gradual "globalization of Amazonia", Liberal Institutionalists would argue that the explanation for such a shift is to be found in the recognition of the "global nature" of forests and of the possibilities for international cooperation. The more rational-choice tendency would identify international cooperation as the only solution to "global resource" problems, helping to solve market failures and externalities. Cognitivist authors would underline the role played by the nascent international forest regime in shaping policy-making in Brazil and note the influence of a forest epistemic community on Brazil’s position. Finally, Realists would stress power, constraint, and the pressure exerted by hegemonic countries such as the United States or the European Union on the Brazilian government. They would also explain policy shift by the growing perception of tropical forests as a security issue, because of the role played by deforestation in climate change. Both Liberal Institutionalist and Realist explanations are helpful to account for the punctual policy shift represented by the reversion in Brazil’s "national position" and the acceptance of international cooperation on Amazonian policies. Yet the thesis is not merely concerned with explaining a change in state bargaining positions. Rather, its aim is to develop a critical and historically based approach that can explain the character and the shortcomings of environmental politics in the 1990s and shift the emphasis away from state actions or bargainings to state-society relations. The thesis’ main argument is that the key to understanding the transformation of ecology in a market-friendly 'sustainable development' concept is to be found in the liberal globalization project and on its impact in redefining state-society relations. The 'globalization' of Amazonia is not limited to international negotiations, diplomatic pressure of epistemic communities, as Neoliberal Institutionalism and Neorealism seem to indicate.
In addition, a critical approach is more able than the other two not only to account for the determinants of policy reform, stressing the mutual interaction between national and international processes, but also to explain the nature of the new policy and its implications in terms of ecological sustainability and social equity. By focusing on the contradictions of the "sustainable development" consensus, it is able to predict and explain that "management" approaches to the environment will not succeed in bringing long-term sustainability. Understanding 'global Amazonia', the changing dynamic of deforestation, its contradictions and the resistance it is encountering requires an approach that restitutes historicity to the analysis and stresses the underlying structural factors responsible for social change. The critical IPE approach adopted in the thesis defines the 'globalization of Amazonia' as part of the transformations that Brazilian economy and society have been going through, the redefinition of the role of the State, and the changes in Brazil's insertion in the international political economy. An analysis of these transformations will enable a better understanding of the determinants of Brazil's Amazonian policy and of the interaction between domestic and international factors in the political economy of environment and development in Amazonia. It will also emphasize the uneven character of globalization, the resistance it is provoking and the conflicts that arise in the process of social change. A critical IPE approach thus provides a more comprehensive analysis of environmental politics as related to international restructuring and to the transformations in the political economy of environmental and development in Brazil. In this sense, it is able not only to account for the causes of social change, but also to explain the nature of the reactions to that change.

Table 1.1. Comparison of the Three Theoretical Approaches in IR as Applied to the Study of the Environment

<table>
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<tr>
<th>Focus</th>
<th>Neoliberalism</th>
<th>Neorealism</th>
<th>Critical IPE</th>
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<tbody>
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<td></td>
<td>Interests</td>
<td>Power</td>
<td>Political Economy,</td>
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<td></td>
<td>Cooperation</td>
<td>Strategy</td>
<td>Equity</td>
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De Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil
European University Institute
DOI: 10.2870/73863
The critical approach adopted in the thesis in thus based on the three assumptions defined above: the plurality of existing approaches to nature, the plurality of social actors involved and the identification of the ecological crisis as conditioned by capitalist development and global change. It is also an IPE approach in that it looks at the interaction between state and markets from a perspective which tries to overcome the classic domestic-international distinction. Yet it stresses how global factors structure and condition national policies. It focuses on the globalization process as the key to understanding the transformations in state-society relations taking place in the 1990s. It identifies the existence of a globalization project, understood in McMichael's definition, as "an emerging vision of the world and its resources as a globally organized and managed free trade/free enterprise economy pursued by a largely unaccountable political and economic elite". In particular, it will examine how the globalization project has shaped and redefined both the content of environmentalism and

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environmental policies and structured the international political economy in a way which makes sustainability more difficult to achieve. The goal is to demonstrate the ecological limits to globalization and to the further extension of market society on a world scale, stressing the unevenness of the economic globalization process and the struggle and resistance it is encountering. The following chapter will investigate the nature of the globalization process and its impact on both the ecological crisis and on the kind of solutions being elaborated in response to it.
Chapter II. Structural Change and the Globalization of Environmental Protection

Environmental concerns are today increasingly being addressed at the global level. "International regimes" exist on a whole range of environmental protection issues such as climate change, ozone depletion, the protection of biodiversity, oceans, and waste traffic, among others, in a tendency towards the adoption of a "global management" approach to environmental issues. Some authors, in particular proponents of the Neoliberal Institutionalist approach, view the "globalization" of environmental protection not only as a quasi-natural phenomenon, following the transnational character of many environmental problems: they view it as a beneficial process, as the only way to deal effectively with problems of environmental protection, which will in the end result in greater environmental sustainability and higher environmental standards in developing countries. By contrast, a critical approach to ecology does not take for granted the global nature of environmental problems, or, to be more specific, does not assume that the globalization of ecology is a natural and beneficial process. On the contrary, it questions the globalization project and its foundations, and examines its implications in terms of power and equity. Critically assessing the ecological crisis means to locate it historically in the context of structural change and of economic globalization. Only then is it possible to examine the implications that this shift to a global perspective has produced on prospects of sustainability. The aim of this chapter is to show that the shift to a global approach to ecology is itself linked to economic globalization, and to highlight the effects of global change on environmental protection, at two different levels: on the state of the environment itself, and on the ability of states to make environmental policy and ensure sustainability. This section provides a brief account of economic globalization with its main characteristics, and then makes explicit the links between economic globalization and environmental protection. Economic globalization affects environmental protection in two ways. One is a direct relationship: the increase of economic activity linked to economic globalization - increase in the volume of trade, production, and consumption - directly produces environmental problems such as pollution, waste production, and the depletion of non-renewable natural resources. The other one is an indirect relationship. Globalization and the subsequent adoption of the Neoliberal model have narrowed the range of policy choice available, with clear implications for environmental concerns.
Chapter II. The Globalization of Environmental Protection

1. The Globalization of the World Economy and the Crisis of Development

Globalization has become a widely used slogan. The idea that the world is getting smaller is one of the central beliefs of the present time. The "global village" metaphor created by MacLuhan is now a commonplace, reflecting, in Robertson terms, "the compression of the world and the intensification of consciousness of the world as a whole". However, globalization is often given different meanings. It has been used by liberals with an ideological implication, meaning the triumph of the market and the legitimation of its role. It has also been given a more limited meaning, to describe the economic transformation which is "assuming various microeconomic forms of increasingly extensive, diverse, and integrated institutional webs forged within markets and among firms across the globe". Here, however, I will refer to globalization as both a broad and limited phenomenon, broad in the sense that it covers political, economic and cultural transformations, but limited because it is not a fully completed process, and it does not affect all actors in the same way. Globalization is employed here as an analytical concept, to indicate a historical pattern of structural change, rather than a complete or fully realized social and political transformation. It is considered both as a project still in development and as a myth offered to give substance to this project. David Held and Anthony McGrew characterize it as a universal process which generates a multiplicity of linkages and interconnections which transcend states and societies, an intensification in the levels of interaction and interdependence between them. Globalization is the "re-articulation of international political space" in which the notions of sovereignty and democracy are being prised away from their traditional rootedness in the national community and the territorially bounded nation-state. 85

At a theoretical level, analyzing globalization brings back the concern on the changing nature of space and territory. As argued by Ruggie, despite the fact that the "state" has always been identified as the central actor in IR, the meaning of territoriality - one of the basic characteristics of the state - has never been questioned. Globalization challenges deeply the notion of territoriality: the global reconfiguration of social authority is not territorially based, and not explicable in terms of spatial units. It may lead to a disjunction between the

democratic and social aspirations of people, which are shaped and understood through the framework of the territorial state, and the potential for collective action through state political processes. At the same time, globalization changes the context of politics, as the compression of space indicated by Robertson goes together with an expansion of the horizon for political action.  

I.1. The Internationalization of Production and of Finance

The process of globalization is characterized by intense structural change in the international political economy. The economic activity is nowadays not only "internationalized", i.e., geographically spread, it is "globalized": there has been a qualitative shift whereby a functional integration of economic activity has been achieved. The two major aspects of economic globalization are the internationalization of production and the globalization of financial transactions. The internationalization of production is defined by Susan Strange as "the production of goods and services in more than one country and according to a global strategy for selling on a world market". It reflects the structural change in the four primary structures of production, finance, security and beliefs as the result of the accelerating rate of technological change. The process of restructuring of production started in the early 1970s, in a context of increased international competition and technological innovation, and was accelerated by the slow growth rates and periods of recession in the 1980s. The globalization of corporate activity, both in manufacturing and in services, is a central feature in the restructuring of production. Multinational corporations play an increasingly decisive role in the allocation of investment capital and determination of the location of production throughout the world. Today, a world market exists, serviced by international and domestic corporations in many sectors. In the words of Robert Gilpin, "a truly global and transnational economy is replacing the postwar international economy composed of isolated black box economies, connected mainly by the exchange rates and governed by a simple set of rules". 

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Global financial markets have also played a major role in shaping the structure and dynamics of the emerging political and economic order. Financial markets are acquiring an increasing structural hegemony in wider economic and political structures and processes. Deregulation and technological developments have integrated financial markets in a truly global system, with a revolution in velocity and size of financial flows. Foreign exchange transactions have grown from an average of over $600 billion per day by the late 1980s to some $1 trillion per day on average in 1993. The volume of financial transactions is estimated as totaling twenty to forty times the value of merchandise trade. Capital movements have also become increasingly autonomous of states. Capital now moves from one place to another in search of maximum return, and in doing so fundamentally affects the ability of states to manage their economies. With the globalization of finance, the opportunities for tax evasion have been increased, considerably eroding the revenue base required to fund the welfare state. The power of central banks to control the value of currencies has been diminished, limiting the autonomy of governments' monetary and fiscal policy, while exchange-rate fluctuations and volatility have increased with speculation. The threat of capital flight has given those who control internationally mobile funds an increasingly powerful tool to encourage changes indirectly in government policy. The globalization of finance has thus created a form of "governance without government", in which states have been forced to become more "internationalized". Some authors argue that it is precisely in finance that economic globalization reaches its most extreme form. David Harvey sees the transformation in financial markets as the real novelty of capitalism in the 1970s and 1980s. For Arrighi, this financial expansion is the predominant tendency of capital accumulation on a world scale. Though it should not be considered as "revolutionary", this process is for him taking place on an unprecedented scope, scale and level of technical sophistication. Richard O'Brien portrays this process as resulting in the "end of geography". Indeed, capital movements nowadays have a considerable geographical

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90 For Harvey, "the breakdown of Fordism-Keynesianism evidently meant a shift towards the empowerment of finance capital via à via the nation-state". See David Harvey (1989:168). In The Long Twentieth Century, Arrighi argues that financial expansions have occurred since the 14th Century: "High finance in its modern, capitalist form is a Florentine invention. Its foundations were laid during the trade expansion of the late thirteenth and early fourteenth centuries" (96). For him, "the greater scale, scope and technical sophistication (of the present financial expansion) are nothing but the continuation of a well-established tendency of the longue durée of historical capitalism towards the formation of ever more powerful blocs of governmental and business organization as leading agencies of capital accumulation on a world scale" (300). Giovanni Arrighi (1994).
autonomy. As stressed by Cox, "finance has become decoupled from production to become an independent power, an autocrat over the real economy", thus meaning the preponderance of immediate financial gains over long-range thinking of industrial development.

What is new is not so much the internationalization itself. Several authors rightly argue that the world had already gone through periods of intense economic internationalization. Milton Friedman, for example, even asserts that "the world is less internationalized in any immediate, relevant, pertinent sense today than it was in 1913 or in 1929". Hirst and Thompson also contests the "strong globalization" argument, on the basis of five observations: 1) the present degree of economic internationalization is not unprecedental, 2) genuinely transnational companies (TNCs) are relatively rare; 3) capital mobility is not producing a massive shift of investment and employment from developed to developing countries; 4) the world economy is not global, rather, it is concentrated in the Triad of Europe, Japan and North America (the G3); and 5) the G3 has preserved its capacity to coordinate policy and exert influence over financial markets and other economic tendencies. It is thus not appropriate to conclude that capitalism has become trully global: as underlined by Boyer and Drache, production methods, industrial relations, taxation and economic policy styles remain specific to each national state. However, the scope of internationalization today is more intense: it affects a broader range of policies, it affects more countries, and it affects them more directly. A fully integrated world economy remains a distant reality, but international forces now influence national decisions more than ever. As long as it is considered as an uneven and incomplete process, globalization can be used as a powerful explanatory variable which enables us to understand the structural historical context in which politics and policies are formulated at the end of the twentieth century.

I.2. The Exhaustion of Prior Models of Accumulation: the Shift away from Fordism

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Globalization also challenges the dominant model of economic development since World War II. The crisis of the post-war order and of the Bretton Woods system provoked a shift away from the Fordist model of accumulation. The "Fordist" model was a system of accumulation based on mass production and consumption. It originated in the 1930s in the United States, and spread globally after World War II. It was characterized by an alliance between, on the one hand, "Taylorism" as a general model of organizing labor - with a neat separation between the intellectual and the manual aspects of labor - and, on the other hand, rigid contractual relations between capital and labor - collective conventions, protective social legislation and a Welfare State. Fordism created an institutional setting which favoured innovation, productivity gains and continuous increases in living standards. For Boyer and Drache, the success of the system lay in its synchronization between mass production and mass consumptions.94

This model was already showing signs of weakness by the end of the 1960s, with a decline in productivity growth and a crisis in the organization of work. In the 1970s and 1980s, other contradictions appeared, especially the contradiction between the internationalization and globalization of production and markets on the one hand, and the national character of regulation on the other. In the 1980s, all the signs of crisis were present: a general downturn in accumulation, slower growth in manufacturing output, lower rates of productivity, the internationalization of markets and production which challenged the possibilities of national regulation, a general and continuous rise in unemployment and an absence of regular growth. The efficiency of the Taylorist model and of its "rigid" social compromises began to be challenged. Liberal and "flexible" models started to be adopted in several countries, in a move towards more information-based, high technology, "post-Fordist" production, with the notable examples of the United States and the United Kingdom. The post-Fordist model can be described as based on a core-periphery structure of production, with a relatively small core of permanent employees handling tasks such as research, finance, and technological organization, while the periphery consists of dependent components of the production process.

At the global level, it implies interventions in favor of less regulation, greater liberalization

94 The discussion that follows on the crisis of "Fordism" draws primarily on the work of Alain Lipietz. See Alain Lipietz (1987) and (1992), and Robert Boyer and Daniel Drache (1996:5-6).
and privatization. The crisis of Fordism has been analyzed in depth by the so-called French "regulation school", which sees the changes in the mode of operation of capitalism as a manifestation of the structural crisis of the Fordist-Keynesian "accumulation regime". Lash and Urry have described this crisis as the end of "organized capitalism", understood as the administration and regulation of national economies by governments. Nowadays, the spatial and functional deconcentration of corporate powers has resulted in a form of "disorganized capitalism". The main characteristic of this new regime emerging from the breakdown of Fordism is "flexible accumulation", ensuring flexibility in employment policies and firms' competitiveness. The shift to Post-Fordism corresponds to the end of what Ruggie has called "embedded liberalism".

I.3. The Change in the Historical Conjuncture

Structural change in the global political economy takes place in the context of a transformation of the "historical conjuncture", which itself accelerated globalization. In the 1960s and 1970s, economic growth created the illusion of the possibility of greater autonomy in the economic field for many Third World countries. At the diplomatic level, initiatives such as the New International Economic Order showed an attempt to reformulate the structure of economic relations in a more favorable way for the South. At the academic level, it was backed by "dependency theory" which saw underdevelopment as the result of the unequal structure of the international system. In contrast, in the "new reality" of the 1980s,
with globalization, the end of the Cold War and the recession which followed the debt and fiscal crisis, these claims have been abandoned and policies of the so-called "Washington Consensus" are being adopted in most countries in the South. This change in the historical conjuncture contributed to the globalization of environmental concerns, and to their redefinition in a Neoliberal framework.


During the 1960s and 1970s, developing countries adopted a highly revisionist position towards the international political economy. The formation of the Group of 77 was a strong attempt by the less advanced countries to increase their influence in the international arena. The main goal of the Group of 77 was to present a unified bargaining position in all major negotiations in order to promote the common interests of developing countries. The first oil crisis of 1973 marked a major turning point in North-South relations. Realizing how dependent developed countries were on certain raw materials such as oil and how this dependency made them vulnerable in global bargainings, developing countries decided to group together all the political and economic claims that had been on the North-South agenda for the last decades. As described by Helleiner, "the time seemed ripe for the developing countries to move on from their achievements of political independence and significant self-propelled economic growth towards reforms in the functioning of the international economy. The industrialized countries, uncertain and defensive, seemed able only to slow the pace of international changes which they could no longer fully control". These claims to change the "rules of the game" of the international economy were summarized in a United Nations Declaration adopted by the General Assembly in May 1974, Declaration 3201 on "the Establishment of a New International Economic Order". The drive for a NIEO aimed at


100 This declaration states that "the developing world has become a powerful factor that makes its influence felt in all fields of international activity. These irreversible changes in the relationship of forces in the world requires the active, full and equal participation of developing countries in the formulation and application of all decisions that concern the international community". See United Nations General Assembly, Selected Documents. Resolution 3201: "Declaration on the Establishment of a New International Economic Order", May 1, 1974, p. 893, paragraph 2.
regulating the world economy in many aspects: the project included the attempt to stabilize commodity prices, to gain preferential access to developed countries markets, to obtain less restricted access to international finance, and to secure easier terms for development assistance. It was accompanied by the effort to regulate multinational private capital through the negotiation of a Code of Conduct for Multinational Corporations. As Van der Pijl points out, it represented a genuine "moment for regulation". 101

This movement for a NIEO took place in the context of a specific thinking about economic development. It was the time of dependency theory and of the questioning of international economic order. It is perhaps difficult today to appraise the deep influence that dependency theory had on the way the international system was conceived, and on global North-South bargaining. It has been pictured as "one of the most foremost interpretations of development as well as a critical challenge to conventional development theory". The acceptance of dependency theory was so widespread at that time that International Relations both as a field and as a practice cannot be understood without taking it into account. Dependency theory originated in Latin America in the late 1960s. It came as a response to the discontentment caused by the failure of the economic successes of some countries in terms of GNP and industrialization to generate some of the expected by-products of growth. Dependency provided a plausible explanation to this failure. Moreover, it was an explanation which had an enormous appeal for politicians, since it placed the structural causes of social inequality outside the domestic realm. 102 For Cardoso and Faletto, the fathers of dependency theory, dependency arises from a situation of functional incompleteness of the domestic economy, where domestic gaps are filled by an external component. The definition given by Theotonio dos Santos goes along the same lines. For him, "dependency is a situation in which a certain group of countries have their economies conditioned by the development and expansion of another country's economy (...). The dominant countries thus impose a dominant technology, commerce, capital and socio-economic values on the dependent countries (to varying degrees


in various historical moments) that permits them to impose conditions of exploitation and to extract part of the surplus produced by the dependent countries. Dependency, then, is founded on an international division of labor that permits the industrial development of some countries and limits this same process in others, submitting them to conditions and restraints imposed by the centers of world domination". Dependency was thus seen as the result of a combination of internal and external factors: it was linked to the absence of integration of key economic sectors, and the reasons for this lack of integration were to be found precisely in the external component of dependency. This external component in its turn reinforced the internal structural components of underdevelopment.

Another central idea in dependency theory was that underdevelopment should not be understood as a necessary stage in the road leading to development. Rather, development and underdevelopment are simultaneous processes, "the two faces of the historical evolution of the capitalist system, which are linked to each other in a functional way, inter-acting and conditioning themselves mutually". In the years of dependency theory, underdevelopment was thus seen as the result of the structure of the international system. Development was conceived as being different in the North and in the South. A major contribution of the dependency approach has been to pinpoint the process whereby imperialism has incorporated Third World countries into global capitalism, thereby underdeveloping the internal socio-economic structures within these countries. However, by concentrating on the world economy, dependency theory paid little attention to the concrete conditions of capital accumulation either in the center or in the periphery. Because of that, it could not foresee that transformations in the logic of accumulation in the center would modify the nature of center-periphery relations, and that transformations in the periphery would lead to a growing fragmentation of the Third World. In Brazil for example, there was a split among dependency theorists, with some authors arguing that the periphery should not be studied in relation to the center, and its capitalism should not be seen as peripheral. Instead, it had to be seen as a specific capitalism which had reached a specific phase in its own history. So dependency
theory was already being challenged from the "inside", i.e., in developing countries themselves, by the end of the 1970s. It was becoming clear that development had to be conceived in different terms.

1.3.2. The Crisis of the 1980s and the Emergence of the 'Washington Consensus'

Since the 1970s, however, the position of the South in the North-South bargaining has suffered a continuous deterioration. The belief in the value of collective solidarity and the confrontational approach which characterized the positions of the Group of 77 have progressively vanished. The first signs of disillusionment with the pursuit of a New International Economic Order were already detectable in the early 1980s. In the late 1980s, momentum for structural change in the international economy had disappeared. International reformist efforts were replaced by urgent national needs on governmental agendas. The 1980s also brought disillusionment with the outcome of economic nationalism: the poor performance of cartels and of nationalized firms became more visible. A growing sense of failure began to develop in the South, which favored a rethinking of economic policy. Newly Industrialized Countries and the 'Asian Tigers' were presented as evidence of the fallacy of dependency theory. At the same time, strong criticism of traditional approaches to development were coming from the United States and the United Kingdom, and from institutions such as the International Monetary Fund and the World Bank. According to World Bank analysts, one of the important conclusions of the development experience of the past thirty-years is that "nations shape their own destinies. Poor domestic policies, more than an unfavorable external environment, are usually to blame for development failures". 105 At the political level, Ronald Reagan and Margaret Thatcher were launching a huge deregulation wave, and challenging Keynesianist ideas in many international fora. As stressed by Biersteker, the "presence of a reinvigorated set of liberal economic ideas, backed by critically placed domestic interests within the state and reinforced strongly by international institutions" was a major factor explaining the change of policy in the 1980s. The debt and fiscal crisis of the 1980s came to magnify the sense of failure in the South. The withdrawal of foreign lending forced demand reduction policies, undertaken in conjunction with IMF stabilization programs.

The drying up of private sources of external finance, together with the continuous deterioration in the terms of international trade, reduced the resources available for government to pursue state-led development strategies, while increasing the leverage of multilateral institutions and of partisans of liberalization at the domestic level. Without the recession, few countries would have embarked voluntarily upon unpopular reforms. The recession, in ideological terms, encouraged a reappraisal of the role of the state and of the appropriate "mix" of intervention and market.

Developed countries in the 1980s also became more immune to the economic threat from the Third World, and thus less accommodating to its demands. Nowadays, the Third World appears increasingly divided, and there seems to be no alternative to the adoption of "structural adjustment policies" under the guidance of the World Bank and the IMF. "Structural adjustment" is now seen as the only road to development, meaning the alteration of productive structures in response to the deterioration of the world economic environment and, just as frequently, to the pressure of powerful external actors with their own views as to what most needed reform. At present, the idea of a New International Economic Order seems to have vanished from the global political agenda. The concept of a "New International Order", advocated by George Bush during the second Gulf War, only refers to the end of bipolarity and the collapse of the communist regimes in Eastern Europe. Bush’s discourse was no more than an attempt to maintain the same structure of world political economy. Moreover, the end of the Cold War changed considerably the international political setting. During the Cold War, the Third World was the arena of open confrontation between East and West. With the "European core" frozen, major crisis broke out in the Third World. With the end of the Cold War, developing countries are no longer a theater of ideological competition. Instead, they tend to be seen as potential threats to the stability achieved in industrial countries. In many European countries, extreme right wing parties put the blame for the economic and social crisis on Third World immigrants and on the aid European


107 According to Halliday, the end of the Cold War involves four distinct elements: the end of the east-west conflict; the break-up of the Soviet Union and its alliance system; the collapse of communism; and the "triumph", at least in ideology, of a political and economic model of liberal capitalism. Fred Halliday (1993:1). On the effects of the end of the Cold War, see Robert Cox (1994:57), and Fred Halliday (1993:6).
governments grant to developing countries. The discourse developed in industrialized countries on the "threat from the South" - an over populated South, threatening the North at a demographic front with immigration, at a military front with nuclear proliferation and at an environmental front with pollution and contamination - shows the risks of a growing marginalization of the South. The second Gulf War has certainly contributed to widening this apparent split between North and South. Today, the world appear so fragmented that Singer and Wildavsky suggest separating it into two parts: "one part is zones of peace, wealth, and democracy. The other part is zones of turmoil, war, and development".  

The thinking about development in the 1990s is also profoundly different from what it was in the 1960s. In the 1960s most Third World countries were influenced by the ideas of dependency theory and development was defined in terms of growth with redistribution and solidarity. In the 1980s, development began to be increasingly defined in terms of the growth of the productive capacity and of economic efficiency. With the debt crisis excluding Third World countries from capital markets, the discourse became less ideological. Multinationals are no longer seen as agents of American imperialism, rather, they are now welcome as potential allies in earning the foreign exchange needed for further development. Even the vocabulary used in international economics today is different. The "Third World" and "developing countries" have disappeared from official documents and been replaced by "emerging markets", a term which conveniently refers also to ex-communist countries. This leaves out most of the African countries who do not seem to be either true market economies or to be "emerging", and are thus being increasingly marginalized in international fora. The following table highlights the most crucial differences in development discourses between the situation in the 1960s and 1970s and the situation in the 1980s and 1990s.

Table 2.1. Changes in the Perception of Development

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108 Only 15% of the world population lives in zones of peace, wealth and democracy. See Max Singer and Aaron Wildavsky (1993:3).
The basic premise of the new thinking is that underdevelopment is the result of distorted economic policies, resulting from government intervention, rather than of the structure of the international system. Increasingly, the state is perceived as structurally inappropriate for the task of directly providing productive and distributive goods. Indeed, a survey by Williamson claims to have identified a growing convergence of views among individuals and institutions with a professional interest in Latin America and in Latin America itself around the importance of fiscal discipline, trade liberalization and the maintenance of realistic exchange rates. Williamson has first called this "conventional wisdom" about economic policy the 'Washington Consensus', a concept increasingly used in international economic analysis.109

In the words of The Economist, the Washington Consensus "sought to balance the books and end the power of a corrupt and paternalistic state". 110 The 'Washington Consensus' can be defined as a set of macroeconomic policies, liberalizing structural reforms, such as trade

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109 The concept seems to be particularly popular among Latin-americanists, reflecting the increasing influence of the Washington Consensus on the elaboration of policies in Latin America. See for example Fanelli, Frenkel and Rozenwurcel (1993), Smith, Acuna and Gamarra (1993), Tayares and Fiori (1993), Goldenstein (1994).

110 See "The Backlash in Latin America", The Economist, November 30th 1996.
liberalization, privatization of state enterprises, deregulation of markets, fiscal reforms, promotion of foreign investments as well as conditionality rules, applied in an increasingly standardized way in several countries and regions with the aim of gaining the support of developed countries governments and of international institutions. It originated in a set of academic writing which criticized import-substitution policies and state interventionism, gained strength with the success of some NICs and the collapse of centrally planned economies, and was forced upon Third World countries with the debt crisis. The process of consensus formation took place through unofficial fora such as the Trilateral Commission, but also through official bodies such as the G7, OECD, the IMF, the World Bank, which shape the discourse within which policies are defined. As pointed out by Nelson, "extensive conditionality and coordination among major financing agencies produced external pressure on internal economic policies historically unprecedented in scope and detail and in the number of countries affected". 111 According to the UN, "there has rarely been such a consensus on the real objectives of a development strategy" and on how to think about the role of the state in the economy. 112 This radical alteration in the international ideological and intellectual climate structured the foundations of economic policy in the 1990s but also the scope of environmental action.

II. Economic Globalization and Its Effects on the Ecological Crisis

II.1. The Ecological Crisis as the Direct Result of Economic Globalization

Once the significance and scope of globalization has been highlighted, it becomes clearer that its impact on ecological issues is of great magnitude. The first and most evident impact is that the present ecological crisis is itself the direct result of the economic model which, thanks to globalization, has now been adopted by almost virtually all countries in the world.


Historically, this developmental model based on mass production and consumption assumed the existence of an infinite supply of natural resources as well as sinks for disposing of the wastes which came from exploiting those resources. Natural resources were seen as unlimited and stripped of value, value being exclusively the result of a social relation between persons which assumes a material form and is linked to the production process. The effect of this model can be seen everywhere: the pollution of air, soils, rivers and oceans, the production of waste, the exhaustion of non-renewable natural resources, global warming, the depletion of the ozone layer ... There are however huge disparities in the use of natural resources and in the share of responsibility for pollution and CO2 emissions. While developing countries' contribution to global emissions is still less than a fourth that of industrial countries, though their population is four times that of the industrial world, people in industrial countries consume nearly nine times as much commercial energy per capita as people in developing countries, though they constitute only fifth of the world's population. The United States alone is responsible for 23.50 % of the share of the world's total of greenhouse gas emissions.113

All economic activities have an impact on the environment in so far as they result in a conversion of energy and material resources into wastes. As stressed by Ekins and Jacobs, "economic activities require three types of functions from the environment: 1. raw material and energy as factor inputs; 2. the assimilation of wastes; 3. the maintenance of life support systems (such as climate regulation and the maintenance of genetic diversity). Ceteris paribus, it can be observed that as production increases, increasing stress will be placed on these three functions, leading to environmental degradation".114 The impact of economic activities on the environment is thus likely to be intensified by the policy mix recommended by the Washington Consensus and by economic globalization, structural adjustment policies and the resulting increase in world trade.

II.1.1. The Controversial Relation Between Trade and Environment

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114 A way to conceptualize the relationship between human activity and its environmental impact is through the "Ehrlich equation" which says that \( I = P \times C \times T \), where \( I \) is environmental impact, \( P \) is population, \( C \) is consumption per head, and \( T \) is impact per unit of consumption. See Ekins and Jacobs (1995:27). Of course this is only an instrumental way to express environmental impact and does not consider the symbolic, cultural or spiritual dimensions of environmental loss.
The relationship between international trade and the situation of the environment can be understood in several ways. On one side, environmentalists and critical observers argue that the generalization of free trade stimulates production for exports, which means an intensive use of land that provokes degradation. The increase of trade in agriculture in particular is based on an intensive use of land, on deforestation, and on the use of pesticides and other toxic substances. In Africa, for example, an important proportion of land degradation is caused by the change in production modes resulting from the forced integration in the world economy and in the international trading system. Several studies show that trade liberalization in the form of regional agreements has a significant impact on the environment, as the case of the North American Free Trade Agreement (NAFTA) illustrates well. As Mexican cattle-raising is more profitable than its US counterpart, NAFTA is expected to stimulate growth in Mexico’s ranching sector, encouraging migration to tropical forest areas in search for land and thus accelerating the process of deforestation. Moreover, NAFTA will foster monoculture agriculture and increase the use of pesticides to match US appearance quality standards which are dependent on the use of certain substances. With the increase in production and trade resulting from globalization, ecological problems have thus been intensified. For this reason, some countries, under the pressure of environmental groups, use restrictive trade measures against products considered to be produced in an unsustainable manner, causing damage to the environment. The adoption of this type of measure is encouraged by protectionist lobbies, interested in reducing imports and competition to national production. In this case, trade measures are seen as means to achieve environmental objectives.

On the other side, liberals, institutions such as the World Trade Organization, the World Bank and business and industry sectors consider the increase in international trade as a factor contributing to the adoption of measures to protect the environment, since it generates wealth and resources that can be used to fight against environmental degradation and to promote 'sustainable development'. As pointed out by the World Bank, “the primary cause of environmental problems is not liberalized trade but the failure of markets and governments
to price the environment appropriately".\textsuperscript{117} It is also the view of the OECD, which stresses that "the direct impacts of trade on the environment are small relative to many other contributing factors", and that "international markets can help correct market and intervention failures through providing increased funds and incentives for environmental protection and promoting efficient resource use".\textsuperscript{118} Trade allows for a more efficient use of natural resources and contributes to the development of "green technology" and "eco-friendly consumer goods". This is supposed to be shown by the fact that the rich countries that benefit more from the expansion of trade are the ones that dedicate more resources to environmental protection. In addition, in this perspective, barriers to free trade constitute a source of environmental degradation. In the case of agriculture, several studies have shown that the agriculture subsidies policy of the European Union has negative effects on the situation of the environment. By creating artificial incentives on demand, agricultural subsidies promote the use of pesticides and fertilizers to compensate for the fall in the productivity of already overharvested lands. According to a study conducted by two Dutch institutes, a large proportion of subterranean waters of agricultural exploitation in the European Union is contaminated by pesticides and nitrates. Farming is indicated as the main source of water pollution.\textsuperscript{119} Moreover, beyond land contamination, these agricultural policies based on unsustainable practices and on artificially high prices result in losses of markets for products coming from developing countries, which are sometimes produced in a less contaminating manner, using less pesticides and toxic substances. Countries where production prices are relatively low, such as Argentina, Australia and Thailand, have production methods that employ less than one-tenth of the amount of chemical fertilizer per hectare used by European countries that subsidize their prices.\textsuperscript{120} Yet as a result of the price distortions created by EU subsidies and the subsequent losses in market, many producers in developing countries are


\textsuperscript{118} According to the OECD, "market failures occur when markets do not reflect environmental values". They include the externalization of environmental costs, the improper valuation of ecosystems and ill-defined property rights. "Intervention failures occur when public policies do not correct for, create or exacerbate market failures". They include production and export subsidies, as well as trade barriers. The argument is that only in the presence of market and intervention failures (wrong policies) does international trade exacerbate environmental problems. See OECD (1994:8).

\textsuperscript{119} The 1991 study by the Dutch institutes PIVM and RIZZA is quoted in: General Agreement on Tariffs and Trade (GATT) (1992:36).

\textsuperscript{120} GATT (1992:37).
forced to abandon low revenue agricultural activities and to migrate to the cities, contributing to increase population and pollution in Third World metropoles. The growing interweaving between trade and environmental issues thus has important implications for developing countries. Because they have less rigid environmental standards than developed countries, they suffer from new forms of discrimination against their products, undermining their chances of development. These restrictive trade measures often aim at compensating the comparative advantage developing countries have for not internalizing adequately environmental costs in their products' prices. The existence of comparative advantages have led protectionist interests to suggest the application of trade sanctions to countries that do not respect "human rights", that do not have "sustainable" production methods, and that do not ensure a "dignified life" to their labor force, among other arguments. In this case, barriers to free trade have a double environmental impact - a direct impact on soil degradation in developed countries and an indirect impact on the environmental situation of the South.  

In order both to improve the situation in developing countries and to achieve better environmental standards, the solution in this perspective is to remove barriers to trade and other trade policy intervention failures. The OECD sees four categories of positive effects that trade liberalization can have on the environment. First, "product effects": the removal of border constraints and modification of trade-related policies may change the product composition of trade. Removal of trade barriers and improved intellectual property rights systems and other measures facilitate the international distribution of environmentally-sound techniques, services and goods. Second, "scale effects": trade liberalization leads to positive scale effects in augmenting growth and the financial resources which can be used to tackle environmental problems. Third, "structural effects": trade liberalization reduces or eliminates many policy interventions which now exacerbate environmental problems through their distortive effects on the location and intensity of production and consumption. This could redistribute world production and allow countries to specialize in sectors in which they enjoy comparative advantages, including advantages based on environmental endowments. And fourth, "regulatory effects": trade liberalization can help to raise overall levels of environmental protection as more attention and resources are devoted to strengthening

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121 This indirect link is used by many developing countries, such as Brazil and Argentina, as an argument to call for the end of agricultural subsidies in developed countries.

De Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil European University Institute DOI: 10.2870/73863
environmental laws and enforcement in countries where they may be lax. Hence, what is needed in this framework is a full integration of environmental and trade policies to help accentuate the positive environmental effects of trade and trade liberalization and to mitigate any negative effects.

The problem with this approach is that it considers international trade, and the revenues it creates, as an end in itself. It is not subordinated to any collective social and environmental interests. International bureaucracies such as the World Trade Organization, not accountable to any electorate and the object of intense lobbying by corporations, are viewed as possessing the legitimacy to set health, safety and environmental norms, substracting decision-making on these issues from the democratic political process. The tendency is to depoliticize environmental problems and present them as technical issues. In addition, the argument that trade, by generating revenue, can increase the amount of resources allocated to environmental protection is flawed. The increase of trade in agriculture for example is based on an intensive use of the land, on deforestation, and on the use of pesticides and other toxic substances. If developed countries allocate more resources to environmental protection, it is because they have more pressing environmental problems to solve due to excessive and unsustainable production and consumption standards, and because their unsustainable development model has favored the emergence of environmental concerns and made the need to take protection measures more apparent.

The idea that the generalization of free trade promotes sustainable development can be opposed on several grounds. The first one is that this would mean that trade is neutral and benefits all in the same way. However, economic data indicate that the increase in trade in the last years has benefited industrialized countries more, which have seen their share in world trade increase to detriment to developing countries. According to UNCTAD, developed countries have increased their participation in world exports from 60.7% in 1950 to 63.6% in 1980 and 71.5% in 1990 (decreasing to 69.8 in 1993), while the participation of

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122 OECD (1994:14-7). The OECD does recognize that trade liberalization can also have negative environmental impacts but in this case government policies, and not trade, are to blame.

123 For a critique of free trade and GATT from a Southern Non-Governmental Organization, see for example: Instituto Brasileiro de Análises Sociais e Económicas (IBASE), "Como o comércio internacional interfere no meio ambiente". Rio de Janeiro, 23 de Abril de 1992.
developing countries fell from 33% in 1950 to 29% in 1980 and to 23.6% in 1990 (with an increase to 27.4% in 1993). The share of developed countries in world imports also increased from 65.6% in 1950 to 72.6 in 1990, while that of developing countries diminished from 28.9% in 1950 to 22.2% in 1990. Moreover, developing countries export more primary products and goods for which the terms of trade have suffered a constant deterioration. In addition, there are no guarantees that the additional resources originating from a further liberalization of trade would be invested in the promotion of sustainable development and of environmental protection. On the contrary, reality indicates that the expansion in international trade of the last decades has been accompanied by a drastic increase in pollution levels, in the exploitation of natural resources and in the contamination of soils, rivers, oceans and air. Finally, talking about "free trade" is somewhat an illusion when trade activities are actually carried out mostly by transnational corporations. According to an UNCTAD report, in 1992 multinationals' trade outside their countries of origin equaled 5.5 billion dollars, while the total of world exports worthed only 4 billion. A growth in TNCs' wealth cannot be considered as the way to achieve a sustainable development model. To conclude, trade growth and trade liberalization do not automatically generate a general increase of wealth. Instead, over the past decades, they have contributed to the concentration of wealth in developed countries. To promote long term sustainable development, the very model of development promoted by organizations such as the WTO or the World Bank should be revised to include social and environmental concerns as major goals. This would require a deep change in consumption patterns of the richest part of world population, those who benefit most from the expansion of trade.

II.1.2. The Ecological Impact of Adjustment Policies

Another aspect of globalization and the spread of liberalism that has a direct impact on the situation of the environment is adjustment policies, which have been imposed upon many...
developing countries. Under the supervision of the World Bank and the International Monetary Fund (IMF), structural adjustment packages mandate severe cuts in government spending to balance budgets, the elimination of trade barriers and social subsidies, encouragement to exports, the tightening of money policies, the devaluation of currencies and the dismantlement of nationalist barriers to foreign investment. Studies show that it is the poorest segments of the population that have to bear the costs of adjustment. These programs generally result in increases in prices of food, reducing the real income of the population, while the recession and public spending cutbacks have resulted in compression of wages and unemployment, affecting particularly the poor and women. The social impacts of adjustment are recognized even by the lending agencies. The World Bank itself acknowledges that "adjustment is not a painless exercise, and some social groups are bound to suffer, at least in the short run".126 As underlined by Broad, Cavanagh and Bello, structural adjustment not only worsens structural inequities, fails in the very narrow goal of pulling economies forward and bypasses popular participation, it also damages the environment. The result is that "ecological sustainability has been undermined in country after country. In their frenzy to export, countries often resort to the easiest short-term approach: unsustainable exploitation of natural resources. The stories of ecological disasters lurking behind export successes have become common: timber exporting has denuded mountains, causing soil erosion and drying critical water sheds. Cash crop exports have depended on polluting pesticides and fertilizers. Large fishing boats have destroyed the coral reefs in which fish breed and live. Tailing from mines have polluted rivers and bays".127

Table 2.2. Possible Effects of Adjustment Policies on Environmental Deterioration Processes

<table>
<thead>
<tr>
<th>Adjustment Policies</th>
<th>General Purposes</th>
<th>Policy Instruments</th>
<th>Immediate actions</th>
<th>Deterioration Processes</th>
<th>Impact and/or new processes</th>
<th>Impact Long term</th>
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Nicolo Gligo has also stressed how both policies aimed at reducing aggregate demand and policies aimed at modifying relative prices of goods, two major components of adjustment policies, result in intensified environmental degradation. For example, the contraction of expenditures and reduction of internal credit leads to the reduction of environmental programs, of investments in new projects, of supervision activities, causing the invasion of protected areas, inadequate disposal of wastes, urban pollution, destruction of ecosystems, and multiple deterioration processes in the long run, as well as greater social inequality. As adjustment programs and the circumstances in which they are implemented vary widely from country to country, it is not possible to assert that adjustment programs are always bad for the

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environment. Stabilization programs, one major component of structural adjustment programs, often result in recession and deflation, shrinking domestic demand and decreasing the pressure on the natural resource basis. In Brazil for example, the recession at the beginning of the 1990s linked to the stabilization program immediately released pressure on land in Amazonia and corresponded to a momentary decrease in deforestation rates. Yet, as observed by Young and Bishop, "while stabilization may offer short-term relief from some resource management problems, it can also create or aggravate other environmental problems through its effects on poverty".129 The adjustment and liberalization policies recommended in the globalized economic system, by favoring wealth concentration and power centralization in restricted international fora, consolidate a vision in which "global governance" and "environmental management" increasingly depossess populations of control over their livelihoods and over their natural environment.

II. 2. Indirect Effects of Economic Globalization

In addition to the direct impacts of globalization on the situation of the environment through the adoption of adjustment policies and trade liberalization, indirect effects are also detectible, moulding a rather paradoxical scenario. One the one hand, globalization has accelerated the ecological crisis and shown the urgent need to reverse it. On the other hand, globalization structures the political economy in a way which prevents real solutions to this crisis from being adopted. It tends to spread the destructive economic model of the North to the Third World, meaning that Third World countries will ultimately face the same ecological destruction. Instead of placing limits on economic activities on the basis of ecological arguments, globalization has strengthened the view that the free market will always maximize social welfare, placing the market as the solution to the ecological crisis.

II.2.1. The Reconfiguration of the State

If the process of globalization brings about an "emerging world order", it has also led to the disintegration of existing patterns of social organization and of institutional arrangements.

Some authors even argue that what is happening is more a decay of the postwar global economy rather than the construction of a fundamentally new system of production and exchange. With the internationalization of production and finance, states are losing power to the market in a number of crucial and traditional areas of intervention. States can no longer secure employment, social welfare, security and monetary stability, among others. They can no longer decide on a national basis how to act in these policy fields. Domestic economies are now subordinated to the exigencies of what Robert Cox calls "a nébuleuse personified as the global economy". The restructuring of the global political economy goes together with a reconfiguration of the state, which becomes a sort of transmission belt from the global to the national economy, while before it acted more as the protector of domestic welfare from external pressure. This "transnationalization" of the state is defined by Stephen Gill as a "process whereby state policies and institutional arrangements are conditioned and changed by the power and mobility of transnational factions of capital". This process implies that "policies of the state towards the market, to labor-capital relations, towards the provision of an appropriate social and economic infrastructure, are incrementally recast in an international framework". Globalization has established what Gill calls an "organized chaos", referring to the fact that the integration of the world market goes together with the disintegration of existing sets of social arrangements and state forms and with the transformation of the basis of political authority, legitimacy and accountability away from the national towards the transnational and global level. The welfare state model is being replaced by a "competition state" model. Indeed, competitiveness has replaced distribution as the main state function. To ensure competitiveness, deregulation, privatization and the decrease of state's role in the economy is seen as the only path. A new form of relationship of state to society is emerging, wherein the public sphere is becoming more and more insulated from the pressures of democratic accountability.\footnote{On the reconfiguration of the role of the state, see Stephen Gill (1995:70-85), (1994) and (1993:261), David M. Gordon (1988:54), and Robert Cox (1994:46) and (1995:39)}

Globalization thus implies that the political situation within each country is increasingly determined by international factors, affecting every area of political life, including the protection of the environment. The state itself has been "globalized", in the sense that its internal purposes and public goals are increasingly subordinated to external considerations.
The capacity of the state to efficiently provide productive and distributive goods has been considerably reduced with the process of globalization. Moreover, as emphasized by Amin, globalization is dismantling the national social contracts produced through centuries of social struggle without providing any significant replacement on either a global or regional scale. This has clear implications for environmental politics. Globalization has challenged the ability of the state to deal with issues of environmental protection, which are increasingly recast in an international framework.

II.2.2. The Aggravation of Global Disparity

Along with globalization, economic liberalism and the Washington Consensus policy mix tend to be accepted as "the" universal doctrine, leading to a real narrowing of the range of policy choices available for developing countries. For Paul Krugman, the Washington Consensus has now replaced the postwar development consensus as both an economic doctrine and a cultural phenomenon. Barbara Stallings has also noted that the range of sustainable policy options, which had increased as international trade and lending grew during the 1960s, decreased substantially during the 1980s. In economic terms, there is little scope for partisan governments to pursue distinctive and independent economic policies, creating powerful constraints against autonomous national strategies. As Susan Strange argues, "opting out of the world economy is no longer an option". Third World countries are constrained to adapt their agendas and institutions to become part of a new global political economy. According to Augusto Varas, there seems to be "no alternative" to accommodating domestic policy to the new international context. Indeed, since the beginning of the 1980s there has been a real "U-turn" in policy orientation. Most of the countries in the South have adopted liberal and market-oriented policies. As pointed out by Peter Evans, a "neo-liberal" policy agenda which saw excessive state involvement in development as a prime reason for Third

133 For the opposite argument, see Geoffrey Garrett and Peter Lange (1991:539-40). Garret and Lange do not subscribe to the "no alternative" argument. They argue that, however great the effects of interdependence, they have not eliminated partisan economic separation between right and left. According to them, there remain policy instruments through which governments can further their partisan objectives while simultaneously promoting competitiveness and flexible adjustment. See also Susan Strange (1994:215).
World failures started to prevail in the 1980s. After two decades of economic nationalism, the 1980s marked a complete reversal in economic policy. Further more, acceptance of free-market policies, along with political conditions such as political pluralism, the respect of human rights, and environmental protection, became a condition for international economic support, and, in the case of Eastern Europe, of membership in international political bodies such as the CSCE and NATO. A sort of "transnational consensus" thus seems to be emerging, resulting from globalization, with the "universal" acceptance of liberalization. The market is viewed as a constitutive component of the human condition, the leading principle for guiding individual and collective action, being transformed from a particular to a universal phenomenon. Through this process, neoliberal ideas are increasingly becoming hegemonic. This conjuncture has been portrayed using many metaphors, the most famous one being Fukuyama’s "end of history", which he assimilates to the "triumph" of liberalism on a global scale. In Fukuyama’s view, the victory of liberal democracy on communism means the end point of humanity’s ideological evolution, the universalization of Western liberal democracy as the final form of human government. As Perry Anderson points out, what is known as "the end of history is not the cessation of all change or conflict, but the exhaustion of any viable alternatives to the civilization of the OECD. Progress towards freedom now only has one path". What brings history to an end is not that there are no problems left, but that the solutions to them are now known in advance.

Globalization is exerting a growing influence on the pattern of growth in the world economy, on the distribution of income and wealth and on the incidence of poverty and deprivation. While some international financial institutions claim that financial and trade globalization will lead to a general improvement in living conditions throughout the world, a number of authors have stressed the unevenness of the process. Griffin and Khan for example, researchers of the UN Research Institute for Social Development, have noted that the benefits of global economic integration have been unequally distributed both between developing and industrialized countries and among and within developing countries. The global distribution of income has deteriorated over the past two decades. For them, policies of industrialized


countries such as agricultural protection, discrimination against some manufactured exports from developing countries, and restrictions on flows of unskilled workers have deprived the poor countries of the benefits arising from the expansion in the world economy. Hurrell and Woods also stress the existence of a relationship between globalization and inequality, and the unevenness of the process. According to them, inequalities among states both shape the process of globalization and are affected by it. The benefits of globalization flow to the states with the greatest capacity to absorb and adapt to the new types of transactions. For Hurrell and Woods, "globalization will lead to an increasingly sharp division between 'core' states, who share the values and benefits of a global world economy and polity, and 'marginalized' states, some of which are already branded 'failed' states". Rules and institutions are formulated and enforced by the most powerful actors, especially states and firms. As indicated by Taylor, the special interests of the most powerful states, or the hegemon, are presented as universal interests of the whole system in classic Gramscian mode. Taylor sees the culmination of the process of globalization of mass production and consumption in the division of the world between a zone of comfort where most people lead the 'good life', and a zone of struggle where most people aspire to live the good life. This situation, he argues, "results in an extraordinary impasse, one that threatens the future sustainability of the earth as a living planet". Globalization, while aimed at homogeneization, does not affect all equally. In the words of Sakamoto, it "proceeds in the North, among big powers, among big business, and among governing élites, such as international bureaucrats, much ahead of, and often at the expense of, the South, smaller nations, labour and smaller business, and the people" (..) The globalization of the capitalist economy is best demonstrated by the globalization of the widening gap and increasing inequality between the North and the South, within the South and within the North". Globalization thus reinforces the hierarchical structure of the world, aggravating global disparity and inequality.

According to United Nations estimates, the poorest 20% of the world's population have seen their share of global income decline from 2.3% to 1.4% in the past 30 years, while the share of the richest 20% rose from 70% to 85%, doubling the ratio of the shares of the richest and the poorest from 30:1 to 61:1. Moreover, the gap in per capita income between the industrial and developing worlds tripled from US$5,700 in 1960 to US$15,400 in 1993. As said in the 1996 edition of UNDP's Human Development Report, "widening disparities in economic performance are creating two worlds - ever more polarized". The ratio of shares of developing countries in the global economy diminished between 1960 and 1989 in all aspects considered: GNP, trade, commercial lending, domestic savings and domestic investment. This process is also discernible in the area of trade, where one notes the concentration of international commerce among a small group of countries and the restricted impact of the benefits of trade on the majority of the world's people. During the 1980s the developing countries not only experienced a decline in their share of total world trade, the share of the developed countries in the export and imports of the developing countries also declined. Globalization is indeed a two-edged process. Many countries in Sub-Saharan Africa have become increasingly marginalized by global forces. Moreover, within countries, income inequality is clearly on the rise in many countries that have opened their economies. In Mexico, income inequality increased after the liberalization of the economy after the mid-1980s: the Gini coefficient rose from 0.43 in 1984 to 0.48 in 1992. In Chile, one of the most open economies in Latin America, the Gini coefficient rose from 0.45 in 1970 to 0.57 in 1990, a 27% increase. The globalization of the economy in its present form thus tends to have a negative and disintegrating effect on the Third World. With the disappearance of the importance of the South's comparative advantage in terms of cheap labour and natural resources, certain areas are of diminished importance to the world economy. This explains why, for Fernando Henrique Cardoso, father of dependency theory and current president of Brazil, we are today dealing with a crueler phenomenon than that of core/periphery relations in the precedent decades: it seems neither able to "integrate" itself to the "information economy", nor to avoid


141 The Gini coefficient ranges from 0 to 1, with 0 being perfect equality and 1 complete inequality. In Sri Lanka, the rise was from 0.35 in 1970 to 0.51 in 1990; in China, from 0.33 in 1979 to 0.38 in 1988, corresponding to periods of economic liberalization. Source: United Nations Development Programme (1996:59).
"being integrated". There has been a substantial change in the dependency relationship between South and North. To integrate the world economy, the Third World should enter the democratic-technological-scientific race, invest heavily in research and development and endure the "information economy" metamorphosis, "or it becomes unimportant, unexploited, and unexploitable". And it does not have the endogenous means to do so.142

Table 2.3. Income Disparity Between the Richest and Poorest 20% of the World's Population (Ratio of Income Shares)

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<tbody>
<tr>
<td>Ratio of income shares</td>
<td>30:1</td>
<td>32:1</td>
<td>45:1</td>
<td>59:1</td>
</tr>
</tbody>
</table>

Adapted from UNDP (1992:34).

The effects of the consolidation of this unequal model of global accumulation for environmental concerns are double. On the one hand, globalization and the crisis of Fordism can be perceived as a crisis of hegemony in that it is the crisis of a particular social compromise and of the ideologies that underpinned it. It has favored the emergence of a new societal paradigm as a dominant elite response to this crisis. This paradigm, which can be called "liberal productivism", relies on a strong faith in the outcome of a new technological revolution and in the development of the productive forces. In this sense, the crisis of Fordism means that environmental concerns tend to be addressed as a challenge for technology rather than as a sign of the existence of contradictions in the economic model.143 On the other hand, the shift away from Fordism has serious implications for Third World countries. Indeed,

142 See Fernando Henrique Cardoso (1993:156-7). The "informational economy" refers to the fact that today, sources of productivity and therefore of economic growth are increasingly dependent upon the application of science and technology as well as the quality of information and management. See the session by Manuel Castells in the same volume: M. Castells (1993:15).

143 Alain Lipietz defines liberal-productivism as "the world view (or 'societal paradigm') which inspired the major turning point in the end of the 1970s, bringing to power Margaret Thatcher in Britain and Ronald Reagan in the United States". Its main characteristics are: i) greater emphasis on the productive techno-economic imperative and disappearance of the very idea of an explicit choice of society deriving from democracy; ii) fragmentation of social existence, with firms playing the role previously performed by the mother country and the world market becoming the operating environment; iii) a wide variety of ways to integrate the individual into the firm but all on the basis of the individual, not of collective individuality; iii) a reduction of administrative-type solidarity based on belonging to a national collectivity, with 'civil society' supposed to take over responsibilities for what the welfare state can no longer guarantee. Alain Lipietz (1994:30-34).
while the Fordist paradigm was easily transferable to less advanced economies, the new technological paradigm, with its particular forms of industrial organization and of labor management, tends to be limited to the advanced industrialized economies. Technological innovations have turned into powerful competition weapons, making it difficult for Third World countries to purchase them, and even more difficult to develop them autonomously. So if the solution to the ecological crisis is considered to be dependent on technology, and technology is the monopoly of developed countries, the probability that developing countries will ever overcome the ecological crisis becomes extremely remote. In addition, these trends place Third World countries in a new kind of dependency. With the state losing its capacity to carry out economic policy, issues of social welfare and of environmental protection end up being left to be solved by the 'market', the same market which has created these problems. Issues of policy in general become isolated from considerations on the structure of the economic model and the crisis of the pattern of accumulation. In this sense, there is a de-politicization of policy, making it appear as something "technical", as an issue of "rationality". This "New Political Economy of Development", based on the application of the methods of economics to the study of politics, excludes international economic and political factors from the frame of analysis. It tends to ignore issues of equity and social justice and focuses on efficiency as the solution to all problems. As pointed out by Amin, the new thinking attempts at 'managing the world as a market'. This process has implications for all aspects of social life, and in particular in the case of environmental protection.

The situation of the globalized political economy resulting from structural change is thus both the cause of the ecological crisis and an obstacle to its solution. It delimitates and redefines the range of policy and political options available in the area of environmental protection, while at the same time widening the possibilities of political action in some domains and strengthening the role of new actors. Globalization has also created new constraints on states, especially in the Third World, with impacts for environmental policy. Economic globalization has led to a de-politicization of environmental concerns and to their transformation along the

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144 See the interesting work of Lidia Goldenstein on Brazil. Goldenstein argues that, in the case of Brazil, the diversification of the industrial structure which had been the goal of the previous decades is now an extra obstacle to the country's adjustment to the new technological and organizational paradigm, thus deepening the ties of dependency. See Goldenstein (1994:108-31).

lines of liberalism, resulting in the formation of a liberal project of 'environmental management'. If globalization has created structural conditions which favor the acceptance by Third World countries of international agreements on environmental protection, it has done so in a way which will not challenge the real causes of the ecological crisis. Instead, it has contributed to transforming ecological concerns into 'environmental management' and 'ecoefficiency' considerations, destroying the emancipatory character of ecological demands. The result is, as stressed by Shiva, that "globalization becomes a political means to erode the sovereign rights of local communities over their resources".146 After having defined the conceptual framework of the interrelationships between economic globalization and environmental policies and politics, the following chapter will look more precisely at how environmental concerns were remodelled by the joint action of technocratic environmentalists, the international UN-related development establishment and business and industry sectors. It will also question the nature of the "sustainable development" consensus and identify its implications for sustainability prospects.

Chapter III. Sustainable Development and Global Environmental Management

The origins of the ecological movement can be identified in a protest against the destruction of day-to-day culture by the apparatus of economic and administrative power. This protest aimed at defending the right of individuals to regain influence over their way of living, of producing and consuming. As stressed by Gorz, it started as a cultural movement, as an attempt by individuals to keep a control and an understanding upon the consequences of their actions. It criticized the rationalization of everyday life in industrial societies, the 'disenchantment' of the world in Weberian terms, a world in which the efficiency of means and the debate around techniques excludes the debate about the normative goals. With the ecological critique, they hoped to bring back attention on local knowledge, and on practices which would bridge the separation of man from nature which was at the basis of the Enlightenment project. Indeed, it has been observed that the responses to the ecological crisis could have contributed to an emancipation from the structures of domination of industrial society and instrumental rationality.\textsuperscript{147} It was in the 1970s that the ecological movement became a political movement, when there was an awareness that the cultural demands of ecology concerning the defence of the "lived world" were not only sectorial and local aspirations but rather represented the common goal of mankind.\textsuperscript{148} The publication of the report \textit{Limits to Growth} by the Club of Rome in 1972 gave a scientific backing to these cultural demands and showed the risks posed by the model of industrial growth on the future of life on earth. Based on sophisticated computer simulations and on extensive study of global economic and environmental indicators, the report provided a holistic view of the interrelationship between population growth, food production and consumption, the industrialization process, depletion of non renewable resources and waste and pollution at the global level. The MIT Report, followed by many other similar reports, recognized that waste and pollution are not only a problem for the living conditions and consumption patterns of

\textsuperscript{147} As Richard Smith observes, this is the content of the emancipatory critique embedded in Weber and developed in Beck and Giddens. See Richard J. Smith (1996:29,44).

\textsuperscript{148} André Gorz (1992:18).
the population, they affect the very basis of the productive sphere's reproduction. For the first time, environmental degradation provoked by economic growth was considered from a global perspective, going beyond the punctual questioning of pollution problems of the 1950s and 1960s. In addition, the report launched a real debate on the morality of growth and of the differences in consumption and living standards between developed and developing countries.

The 1970s also represented an inflexion in the history of social mobilization and collective action with the emergence of the "new social movements", which identify themselves as value movements carrying universal interests going beyond class, nation, sex and race borders. As stressed by Claus Offe, the new social movements demand to be recognized as political actors by an enlarged community and aspire to goals which, if applied, should compulsorily affect society as a whole and not just the group itself. With the emergence of the new social movements, a process of fusion between political and non-political spheres of social life starts. Based on the refusal of the 'State/Civil Society' dichotomy, the new social movements - pacifist, ecologists, anti-nuclear activists... - try to reconstitute civil society's institutions through a process of 'politicization' based on practices belonging to an intermediary between, on the one side, private interests, and on the other, institutional political modes sanctioned by the State. According to Offe, what is new is not the value in itself - no one would really contest that a clean and healthy environment is preferable to a dirty one - but the means of implementation of the goal of a better environment. There is no opposition between old and new values but rather conflictual views on the compatibility of such values in modern societies. Finally, the new social movements such as the environmental movement appear as "modern" in the sense that they are based upon the belief that history's course can be changed by social actors and are not determined by what Touraine calls a 'metasocial principle'. Environmentalists believe that, although representing a real challenge to our present lifestyles and habits, a move towards a sustainable society respective of nature and privileging well-being over accumulation is possible.


There is no such thing as one unified "green movement". Environmental concerns mean different things to different people, take many forms and are expressed through different channels. For Wolfgang Sachs, it is precisely this ambivalence of ecology which is responsible for both the success and the failure of the movement, for "ecology" can be viewed as "both computer modelling and political action, scientific discipline as well as all-embracing worldview". In addition, environmentalism takes very different forms in developed or in developing countries. In can mean fighting for an even better quality of life in advanced countries, and fighting for subsistence or even survival in poor countries. Despite this diversity, for the purpose of academic inquiry, three main components of the "green movement", albeit sometimes overlapping, can be distinguished. These three categories should be viewed as "ideal-typical" and not necessarily as exclusionary.

I. The Three Green Movements

I.1. The Deep Ecology Movement

The first tendency of the ecological movement, deep ecology, is typically a post-modern movement. The term was created by one of the founding father of the movement, Norwegian philosopher Arne Naess, who differentiates between the 'shallow ecology' movement, whose central objective is "the health and affluence of people in the developed countries", and the "deep ecology" movement, based on the "rejection of the man-in-environment image in favor of the relational, total-field image". Naess poses "the equal right to live and blossom" as an "intuitively clear and obvious value axiom". For him, "this restriction to humans is an anthropocentrism with detrimental effects upon the life quality of..."
humans themselves. This quality depends in part upon the deep pleasure and satisfaction we receive from close partnership with other forms of life. The attempt to ignore our dependence and to establish a master-slave role has contributed to the alienation of man from himself.\textsuperscript{155} In philosophical terms, deep ecology challenges the separation between man and nature which was at the heart of modern humanism. Humanism is based on reason, and rationality being the absolute norm, what does not have rationality cannot have value. In this sense, humanism legitimizes violence against nature. A profound rejection of humanism therefore lies at the basis of the deep ecology movement. Deep ecology wants to deconstruct modern humanism, since in humanism nature can only occupy the status of object, and not the one of subject. Deep ecology is not "anthropocentric", it is "ecocentric". George Sessions, for example, argues in favor of the edification of a "non-humanist" philosophy in order to fight the dominant anthropocentric paradigm. For him, the argument in favor of the rights of nature implies rejecting the idea of democracy inherited from the human rights declaration.\textsuperscript{156}

As observed by Merchant, deep ecology seeks a total transformation in science and in worldviews that will lead to the replacement of the mechanistic paradigm which has dominated the past three hundred years by an ecological framework of interconnectedness and reciprocity. It offers a new science of nature, a new spiritual paradigm and a new ecological ethic. Deep ecology is based on a cybernetic systems theory that sees all element in nature as interrelated, as illustrated in the Gaia hypothesis developed by James Lovelock.\textsuperscript{157} According to him, the biosphere is a self-regulating cybernetic system, and Gaia, as a living earth, is more than the sums of its parts. During the 1980s, the Gaia metaphor became a powerful image for uniting combined destinies of people, other organisms and inorganic substances, and was used by many environmental organizations. The ideas of deep ecology have influenced for example Greenpeace, the largest green NGO, who claims that "humanist value systems must be replaced by supra-humanist values which place any vegetal or animal

\textsuperscript{155} Arne Naess (1989:28).

\textsuperscript{156} George Sessions is quoted is Luc Ferry (1992:155).

life in the sphere of legal and moral consideration". Greenpeace goes as far as stating that, for that purpose, it might be necessary to "appeal to strength against those who continue to deteriorate the environment". Greenpeace is therefore an example of an environmental organization which, based on scientific reports and examinations, acts with the aim to change worldviews and consciousness in order to promote a shift to 'ecocentrism' rather than trying to act to transform the production systems which lie at the root of environmental problems. Yet, while having influenced the most well-known environmental NGO, deep ecology remains a fairly marginal wing of the green movement. The Gaia metaphor and, more generally speaking, the basis of deep ecology have been criticized for their lack of a political critique, failing to recognize that the idea itself of 'ecocentrism' is 'anthropocentric'. As stressed by Merchant, deep ecologists take the character of capitalist democracy for granted rather than submitting it to a critique. They adopt a naive socioeconomic and scientific view which idealizes culture as the reflection of a society's values and the key to action rather than examining values as related to social structures and analyzing how social structures might change. Their tendency to refuse to consider economic policy and to assume a purely conservationist standpoint relegates them to a secondary position.

1.2. The Social Ecology Movement

A very different component of the "green movement" is what I call the "social ecology" movement, which is to a large extent composed of people from the "new left", or dissatisfied with Marxism. Contrary to the deep ecologists, social ecologists maintain an anthropocentric perspective: the concern for nature is understood as a concern for human beings' environment. Moreover, while deep ecologists stress and act in favor of transformations at the level of consciousness and worldviews, social ecologists seek transformations in production and

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158 The quotation comes from the Greenpeace's *Chronicles*, April 1979, cited in Luc Ferry (1992:155). It should, however, be noted that Greenpeace, although influenced by these ideas, is not a pure "deep ecology" group; its domain of action does cover all topics relevant to environmental protection, all aspects of economic policy such as trade and environment or multilateral funding institutions, and is based on comprehensive scientific and policy analysis of current issues. Yet Greenpeace remains a very particular type of NGO, focusing on catching images and shocking actions. It achieved great success in 1995 with the "Brent Spar" case which it won against Shell, causing much embarrassment to the British government.

159 On deep ecology and its critics, see Carolyn Merchant (1992), chapter 4.

160 Among deep ecologists, Naess has been one of the few arguing in favor of considering economic decisions and policies and to acknowledge that "it is highly destructive to the deep ecology movement for supporters to be silenced because they cannot stand up in discussions with people who are well acquainted with economics". Arne Naess (1989:106).
reproduction systems, that is, a transformation of political economy, as the way to achieve sustainability, social equity and well being. This tendency appears as quite "radical" for it puts forward a deep critique of capitalism on the basis of ecological concerns. In a special issue called *Ecology, this historical materialism*, the editors of the periodical *Actual Marx* argue that ecology appears today as the "radical and universalistic alternative which will replace Marxism and socialism". For them, the ecological "crisis" is due to capitalism as a particular historical social form.\(^1\) But this crisis questions Marxist assumptions as it challenges the theory of labor value according to which natural resources are infinite and nature is a passive object deprived of value: in Marxist theory value can only be the result of a social relation between people that assumes a material form and is related to the production process.\(^2\) Marx saw progress as irresistible and without limits, and believed in the possibility of continuous material accumulation, not perceiving any natural limit to growth. In this sense, social ecologists provide a profound critique of Marxism and of its foundations. Yet they are also partly heirs of Marxism, and in particular of the Marxist critique of utilitarian ethics, opposing not only utilitarian relations within society but also utilitarian relations between society and nature. Indeed, the radical part of the ecological movement aims at subtracting life and the environment to the domination of the economy. It challenges a basic assumption of capitalism, since, as pointed out by André Gorz, the domination of the economic rationality on all other rationalities is the essence of capitalism. It searches a way out of productivism, a rupture with the conception of never-ending technological progress. Among the many studies that have tried to conceptualize and theorize social ecology, Carolyn Merchant’s *Radical Ecology* analyzes thoroughly and critically the ecological crisis, its foundations and the different responses that the "green movement" is providing to this crisis. According to Merchant, radical ecology "pushes social and ecological systems toward new patterns of production, reproduction, and consciousness that will improve the quality of human life and the natural environment. It challenges those aspects of the political and economic order that prevent the fulfillment of basic human needs. It offers theory that explains the social causes of environmental problems and alternative ways to resolve them. It supports social movements

\(^1\) Jacques Bidet and Jacques Texier (1992:7-9).

\(^2\) Isaak Ilich Rubin (1980:78).
for removing the causes of environmental deterioration and raising the quality of life for people of every race, class and sex".163

Social ecologists see a contradiction between the logic of capitalism and the logic of environmental protection. Indeed, the logic of capitalist regime accumulation founded on intensive growth is to "produce" and stimulate consumption to the maximum. And since all production involves a transformation of the environment, the natural one (oceans, subsoil, atmosphere) or the one previously created by humans, growth by itself cannot be said to contribute to environmental protection. More specifically, Merchant sees environmental problems as resulting from two major contradictions present in today's society: the first one arises from the assaults of production on ecology and refers to the tensions between industrial production and local ecological conditions; the second one refers to the assaults of production on biological and social reproduction. The global ecological crisis is thus "a result of these deepening contradictions generated by the dynamics between production and ecology and by those between reproduction and production". Although social ecology recognizes the global character of the ecological crisis, it stresses the specificity of environmental problems and their rootedness in each country's history, development and insertion in the international system. In this sense, "each environmental problem therefore needs to be examined in the context of its own specific history as well as its linkages to global political economies".164

Having highlighted the contradictions which are at the basis of the ecological crisis, social ecology poses that environmental protection cannot be made dependent upon economic development, for the very reason that development, as it has been applied so far, can no longer be considered as a desirable goal. Development in its liberal sense has meant the subordination of every aspect of social life to the market economy. Wolfgang Sachs believes that the "age of development" is in decline, since the historical conditions which had given rise to the developmental perspective have disappeared. Development was a weapon in the competition between two political systems, and its hidden agenda was the 'Westernization' of the world. With the end of the Cold War, it has been reduced to capital accumulation, and it is driven essentially by Western values such as technological progress, universalism and the

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mastery of nature. Moreover, development has failed to reduce global inequalities and to generalize and promote welfare in the Third World. For these reasons, the hegemonic view on "sustainable development" which rehabilitates development as the global goal of mankind is not satisfactory. Gustavo Esteva argues that, "in its mainstream interpretation, sustainable development has been explicitly conceived as a strategy for sustaining 'development', not for supporting the flourishing and enduring of an infinitely diverse natural and social life". Social ecologists propose instead to conceive sustainable development as an alternative to the prevailing development paradigms rather than a modification to them. They call for a rethinking of the theoretical basis of development which should include not only economic but also political and epistemological dimensions, such as the questions of participation, of empowerment and local knowledge systems. For them, what makes development "unsustainable" at the global level is the pattern of consumption in rich countries. Thinking about sustainability thus implies considering the contradictions imposed by the structural inequalities of the global system. And fighting for sustainability means refusing the trends towards globalization, homogenization and the centralization of power through the development of global and regional institutional which would further consolidate inequalities. The solution to environmental problems does not depend on technology but rather on a complete reorganization of economic systems which will allow communities to regain control over natural resources. Common spaces are considered as being the sites of the most sustainable practices currently existing, and therefore social ecologists should resist the "enclosure" movement and fight for the subsistence and expansion of commons governed by communities which depend upon them.

Social ecologists vary to a certain extent in the North and in the South: generally speaking, organizations in the North sometimes carry their rejection of development as far as making post-modern stances, while organizations in the South focus more on equity and on the need to redistribute the benefits of development. Social ecologists support movements for cultural survival, small farmers and sustainable agriculture practices. In developed countries, social

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ecologists belong to organizations which often work in collaboration with other NGOs fighting for social justice and not exclusively for environmental protection. They are for example organizations member of the Friends of the Earth federation, which encompasses a variety of organizations in the North and in the South covering most action areas. In the South, social ecologists work in NGOs like IBASE, the Brazilian Institute for Social and Economic Research, leaded until recently by sociologist "Betinho" (Herbert de Souza) and which has campaigns in a vast array of areas going from hunger relief to multilateral banks and community survival in Amazonia. But they also include groups active in livelihood struggles, like Chico Mendes and the seringueiros (rubber-tappers) of Amazonia, or ANGOC (the Asian Non-Government Organization Coalition for Agrarian Reform and Rural Development) in Asia, the Third World Network which articulates comprehensive analyses of North-South economic and environmental relations, or the Green Belt Movement in Kenya, which carries out a grassroot tree-planting and pro-democracy movement in which the planting of trees is encouraged to improve the livelihood of the people who plant and nourish them, and not just for conservation purposes. So beyond differences in priorities, a critical view of the development process and of its perfidious social and environmental consequences is what unites social ecologists worldwide.

I.3. The Technocratic Tendency

Finally, there is a more technocratic tendency to the green movement, a tendency that tries to make economic growth and environmental protection appear as compatible goals, and does not require a profound change in values, motivations and economic interests of social actors, nor in economic accumulation models. It separates environmental policy from distributional conflicts and argues that increases in income are beneficial for the environment. For them, it is because capitalist production methods and lifestyles are not developed enough that

167 Herbert de Souza, known as "Betinho", died in August 1997 as a result of AIDS contracted during blood transfusion. With his death, Brazil lost its strongest voice for social justice, democracy and environmental protection. He left behind the view that "environmental protection in Brazil must begin with defense of humanity itself and take the pathway of democracy. Authoritarianism here and elsewhere in the world has shown that its development project does not take either the majority of people or respect for nature into account. Its failure is an ecological issue for us". Herbert de Souza (1992:16).

168 For a view on what social ecologists and grassroot organizations are doing or proposing to promote sustainability see the book by Steve Lerner (1992), especially the interviews with Wangari Maathai (of the Green Belt Movement), with Martin Khor (of the Third World Network) and with Vandana Shiva, Director of the Research Foundation for Science, Technology and Natural Resources Policy and a leader of the Chipko Movement in India, a women-led movement fighting deforestation.

De Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil European University Institute DOI: 10.2870/73863
environmental problems emerge. The evidence is that environmental standards are higher in richer countries. Technocratic environmentalists seek to preserve the environment through the establishment of international institutions, the use of economic and market instruments and the development of cleaner and "green" technology. The result is a rather apolitical approach which tends to empower experts who, in the words of Gorz, "deny individuals the capacity to judge, and submit them to an 'enlightened' power in the name of the superior interest of a cause which overtakes their understanding". Its defenders are environmentalists who, though still interested in environmental protection, are not primarily committed to ideas of equity and social justice, or at least not as committed as social ecologists.169 The technocratic tendency is thus essentially a rich country tendency, although it is also present within some elite circles in the South. These environmentalists tend to focus a lot on issues of population for example, arguing that the biggest threat to the environment comes from high population growth in the Third World and the pressure it will infringe on the natural resource basis.

Technocratic environmentalists usually belong to organizations which have little or no membership, and rely on their technical and legal expertise and on their research and publishing programs to influence decision-making. Through their close relationship with government and other influential actors and their easy access to international organizations, these organizations tend to have a greater impact than activist membership organizations.170 An organization like the World Resources Institute (WRI) is a good example of a mainstream, 'reformist' rather than 'transformative' NGO. Jessica Tuchman Mathews, WRI's vice-president, believes that "there is an enormous horizon of potential that comes from reinventing technology on nature's example that can allow us to grow - and the world must grow". She suggests, among other things, redesigning agriculture to enhance natural inputs or to increase energy efficiency. She states that "part of what I draw my optimism from is that our policies are so bad now that one can see a lot of room for improvement", such as including the consumption of natural resources in national accounting systems. In this way, "instead of sending the wrong signal, improved indicators would send the right signal. The new indicators would warn policymakers that they are not getting the growth they thought they were getting.

so why do that". The market, once "environmental externalities" are corrected, is thus expected to send the "right signals" and to make society move towards sustainability. An organization such as the Environmental Defense Fund (EDF) also believes in the promise of "harnessing market forces" to protect the environment. On the issue of climate change, Fred Krupp, executive director of the EDF, suggests an international tradable permit system for CO2 emissions. The system would figure out at the world level the contributions of each country to CO2 emissions and would allow countries that pollute less to "sell" their rights to pollute to countries who pollute "more" than their share. Such as system "allows economic growth to continue, allows countries to do what they can do best, and makes it possible for those equity issues to be worked out in a much smoother way than by the old fashioned command-and-control system. Weaning the world off fossil fuels is going to be so expensive that unless we figure out a cost-effective way to do it I think it is less likely to happen". Finally, an organization such as the Wordwatch Institute focuses on the need of an "efficiency revolution" in order to "create a sustainable economy". These three cases picture exactly the foundations for technocratic environmentalists' actions: a top-bottom approach emphasizing technology, market instruments and the poor performance of government's regulation and "command and control" approaches. The unit of analysis is the state, and population's needs and priorities are not mentioned, as the interest in reverting climate change and population growth, dominant among many North American NGOs, is considered to be the universal interest. Today, it can be said that this technocratic approach has ended up prevailing over both the biocentric (deep ecology) and the social ecology perspectives and has become what is today mainstream environmentalism, which finds its major expression in the concept of "sustainable development". Despite the challenging and radical nature of ecological concerns, the fact that they might reveal contradictions in the present economic model and


172 Fred Krupp, interviewed by Steve Lerner (1991:59). The proposal of tradable CO2 emissions has been the subject of many controversies. There are indeed many ways to calculate responsibility for emissions. On greenhouse emissions for example, a study by the World Resources Institute (WRI) has based estimations on a controversial calculation methodology and future "rights to pollute" on present polluting levels, which in a sense grants present polluters a right to continue with their high share of pollution. Anil Agarwal, of the Centre for Science and Environment (India), proposes instead to calculate rights to pollute for each country according to its population, which would give each individual the same "right to pollute". This method would imply that rich, polluting countries such the US would have to offer financial compensation to poor, less polluting countries. See WRI (1990) World Resources 1990-1991. New York, Oxford UP; and Anil Agarwal and Sunila Narain (1991) Global Warming in an Unequal World: A Case of Environmental Colonialism. New Delhi, Center for Science and Environment. For more on the controversy and details on calculation methodology see Alain Lipietz (1992).

II. The Formation of a Consensus on "Sustainable Development"

It is interesting to examine how the apparent consensus around the concept of 'sustainable development' was built and how the liberal project of environmental "management" became hegemonic. Two main actors have contributed to the hegemony of the liberal environmental management project. One is the scientific and policy-making environmental community, or, in the words of Peter Haas, the environmental "epistemic community"; the other actor is business and industry.

II.1. The Brundtland Report, the United Nations Conference and the Global North-South "Bargain"

International environmental politics did not emerge in the 1990s. As early as 1972, a United Nations Conference on the Human Environment took in Stockholm, launching the era of international environmental negotiations. Stockholm did produce some significant outcomes, leading to the creation of the United Nations Environment Program (UNEP), based in Nairobi, which coordinates environmental action within the United Nations. The context of the Stockholm Conference was not very favorable to the adoption of strong environmental commitments. Developing countries were unsatisfied with the UN system and preparing the movement for a New International Economic Order. They were not willing to yield part of their sovereignty over natural resources in the name of environmental protection, and denounced the emergence of "eco-imperialism". The oil crisis of the 1970s relegated environmental protection to a marginal position in international relations. In the 1980s, the international climate started to change as the debt crisis was seriously affecting developing countries and their role and participation in international fora. In this context, "international commissions" were established to try to elaborate global proposals to promote peace and development, such as the Brandt Commission for example. Efforts were also undertaken to replace environmental protection on the international political agenda. The World Commission...
on Environment and Development was established in 1983 under the presidency of Gro Harlem Brundtland, and asked to produce a comprehensive report on the situation of the environment at the global level.

The work of the Commission represented a landmark in international initiatives to promote environmental protection as it produced the concept of sustainable development, a concept that would become the basis of environmental politics worldwide. Sustainable Development is defined by the Brundtland Report as a development that is "consistent with future as well as present needs". The concept of sustainable development was built as a political expression of the recognition of the "fmiteness" of natural resources and of its potential impact on economic activities. Indeed, the report argues that "we have in the past been concerned about the impacts of economic growth upon the environment. We are now forced to concern ourselves with the impacts of ecological stress - degradation of soils, water regimes, atmosphere and forests - upon our economic prospects". The Report offers a holistic, global vision of today's situation by arguing that the environmental crisis, the developmental crisis and the energetic crisis are all part of a same, global crisis. It concentrates on population, food security, species extinction, genetic resources depletion, energy, industry and human settlements, arguing that all these activities are intertwined and cannot be treated in isolation one from another. It offers solutions to this global crisis, which are mainly of two kinds: on the one hand solutions based on international co-operation, with the aim of achieving an "international economic system committed to growth and the elimination of poverty in the world", able to manage "common goods" and to provide peace, security, development and environmental protection; on the other hand, recommendations aiming at achieving institutional and legal change, including measures at the domestic level but also at the level of international institutions. The Report emphasizes the expansion and improvement of the growth-oriented industrial model of development as the way to solve the "global crisis".

The Brundtland Report also promoted the view that global environmental degradation can be seen as a source of economic disruption and political tension, therefore entering the sphere of strategic considerations. For the Brundtland Commission, "the traditional forms of national sovereignty are increasingly challenged by the realities of ecological and economic interdependence. Nowhere it this more true than in shared ecosystems and in the 'global
commons', those parts of the planet that fall outside national jurisdictions. Here, sustainable development can be secured only through international co-operation and agreed regimes for surveillance, development, and management on the common interest... 174 For example, the consequences of climate change such as the rising of the sea level and the effects of variations of temperature on agricultural production would require deep changes in the economy and impose high costs on all countries, thus leading to very unstable situations. The issue of forest preservation can also fit into this context, since forests contribute to the stability of climate by acting as carbon sinks, and assure the regeneration of ecosystems by providing reservoirs of biological diversity. Preserving forests then becomes more than an ecological concern: it is also a security imperative. So the "environmental security" discourse was also a cause for the need to find a "consensual solution" to issues of environmental protection.

The United Nations Conference on Environment and Development (UNCED), held in Rio de Janeiro in June 1992, marked the official institutionalization of environmental issues in the international political agenda. 175 Twenty years after the 1972 Stockholm Conference, which was on the "Human Environment", Rio meant a real shift in the vision that had dominated environmental politics so far. After Rio, environmental considerations became incorporated into development, and a "global bargain" was struck between North and South on the basis of the acceptance from both sides of the desirability of achieving a truly global economy which would guarantee growth and better environmental records to all. UNCED recognized the "global finiteness" of the world, i.e., the scarcity of natural resources available for development, but adopted the view that, if the planet is to be saved, it will be through more and better development, through environmental management and "eco-efficiency".

The UNCED process involved over a hundred and fifty hours of official negotiations spread over two and a half years, including two planning meetings, four Preparatory Committees


175 It is not my aim to cover the whole UNCED process or to describe outcomes in detail, but rather to provide enough elements to give an idea of the nature of the "global bargain" reached in Rio and its implications for the way environmental protection was to be pursued after UNCED. The issue of forests will be addressed in detail in chapter 4. For a full account of UNCED's outcomes see Stanley Johnson (1993).
(Prepcoms), and the final negotiation session at the Rio Summit in June 1992. The major result of UNCED is called "Agenda 21", a 700-page global plan of action which should guide countries towards sustainability through the 21st century. It encompasses virtually every sector affecting environment and development, looking at every social and economic dimensions (section I: cooperation, poverty, consumption, population, health, human settlements, integration), considering all aspects of conservation and resource management for development purposes (section II: atmosphere, planning, deforestation, fragile ecosystems, agriculture, biodiversity and biotechnology, oceans, water, and hazardous, solid and nuclear waste), addressing the role of major groups (section III: women, youth, indigenous groups, NGOs, local communities, workers and unions, trade and industry, scientific community and farmers), and finally detailing a wide range of implementation means (Section IV: financial resources, technology transfer, science, education, capacity building, international institutions, legal mechanisms and information). Besides Agenda 21, UNCED produced two non-binding documents, the "Rio Declaration" and the Forest Principles. In addition, the climate change and the biodiversity conventions, which were negotiated independently of the UNCED process in different fora, were opened for signature during the Rio Summit and are considered as UNCED-related agreements. The "Rio Declaration", which was the subject of many controversies between the Group of 77 (the coalition of developing countries) and industrialized countries, mainly the United States, illustrates well the kind of bargain reached in Rio. It recognizes the "right of all nations to development" and their sovereignty over their national resources, identifies "common but differentiated responsibility" for the global environment, and emphasizes the need to eradicate poverty, all demands put forward by the Group of 77. In return, the suggestions by the G77 to include consumption patterns in developed countries as the "main cause" of environmental degradation and the call for "new and additional resources and technology transfer on preferential and concessional terms" were


177 The Group of 77, which today has over a hundred and twenty members, was formed during the first UNCTAD (United Nations Conference on Trade and Development) in 1964.
rejected by OECD countries.\textsuperscript{178} In the end, on the issue of finance, an institution called "Global Environment Facility" (GEF) was set, under the control of the World Bank, as the only funding mechanism on global environmental issues, and OECD countries committed themselves to achieving a target of 0.7 percent of GNP going to ODA (Overseas Development Assistance) by the year 2000, to help developing countries implement UNCED's decisions. The Rio Declaration also states four principles that should guide environmental politics. The first one is the principle of "common but differentiated responsibilities" for environmental protection between developed and developing countries. The second one is the "precautionary principle", which poses that actions should be taken to prevent environmental problems rather than to remedy to them. The third principle is the "polluter pays principle", which puts direct financial responsibility on the polluter and tries to avoid environmental problems remaining an "externality". And finally the fourth principle is the "environmental impact assessment principle" which demands that environmental consequences are examined in the decision-making process prior to action. The Declaration recommends that these principles be integrated at all levels of action in international and national legal instruments and become fully embodied in law and practices.

Despite the failure of the G77 to win significant concessions on financial resources, if one considers the differences in priorities between developed and developing countries and the conflictual character of the negotiation process, UNCED's outcomes were still seen by the international establishment as quite impressive, marking "an important new stage in the longer-term development of national and international norms and institutions needed to meet the challenge of environmentally sustainable development".\textsuperscript{179} A Commission on Sustainable Development (CSD) was established to monitor and report on progress towards implementing UNCED's decisions. In particular, the CSD aims at enhancing international cooperation and rationalize the integrative decision-making capacity, and to examine progress in the implementation of Agenda 21 at the national, regional and international levels. After UNCED,

\textsuperscript{178} The analysis of the negotiation process is based on interviews made with diplomats and observers during the Rio Summit in June 1992, and at UNCED's secretariat in Geneva in July 1992. I also benefited from discussions within the framework of the Project on International Negotiations at the International Institute for Applied Systems Analysis, where I was a researcher from June to September 1992. Finally, details are taken from UNCED-related publications and from the Earth Summit Bulletin, the Earth Summit Times and Crosscurrents, several issues.

\textsuperscript{179} Gareth Porter and Janet W. Brown (1996:129).
Environmental considerations were "integrated" at all levels of action. The "sustainable development paradigm", as some authors recognize, is already replacing the "exclusionist paradigm" (i.e., the idea of an infinite supply of natural resources) in some multilateral financial institutions, as well as in some state bureaucracies and in some parliamentary committees. Most economists now acknowledge that natural resources are scarce and have a value which should be internalized in costs and prices. Organizations such as the European Union made the "integration" of environmental concerns one of their leading policy principles. Many countries carried out environmental policy reform to implement UNCED's decisions and the Agenda 21. The boundaries of environmental politics were broadened and its links with all other major issues on the international arena, such as trade, investments, debt, transports, for example, were examined. Efforts were undertaken to improve environmental records of multilateral finance and development institutions. The World Bank, which has a long history of contributing to environmental degradation by financing destructive projects, went through a "greening" process, and now has a "Department of the Environment" which conducts "environmental impact assessments" and imposes "environmental conditionalities" before granting loans. The World Trade Organization has a "Committee on Trade and Environment" (CTE) which is in charge of ensuring that open trade and environmental protection are "mutually supportive". All these efforts can be seen, according to Porter and Brown, as "part of a longer-term process of evolution toward environmentally sound norms governing trade, finance, management of global commons, and even domestic development patterns".

Environmental considerations were then introduced in all major international bureaucracies as a dimension to take into consideration in decision-making processes, and as a challenge for "global management". To a certain extent, the "technocratic" approach became hegemonic because it best suited the interests of the international development elite as it magnified its

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180 As stressed by the European Commission in its Report for UNCED, "integration is a crucial objective in Community [now Union] environment policy, not just because it is the embodiment of a Treaty obligation or a tool for environmental protection per se, but also because it is the linch-pin in the process of establishing sustainable social and economic development patterns. Environmental considerations are therefore becoming an integral part of many - and, ultimately, all - Community policy areas". See Commission of the European Communities (1992:5-6).

181 The reforms undertaken to "green" multilateral institutions are further analyzed in chapter 4.

managerial responsibilities. In a time when the legitimacy and utility of the United Nations system was being seriously questioned by its idealizer and major financial supporter - the United States - the goal of "making environment and development compatible" was seized by some UN agencies as an unexpected opportunity to regain credibility, as well as to be granted funds and to hire new staff for recently created units on "trade and environment" or "finance and environment". UNCED provided a new legitimacy to international organizations and to their bureaucracies, which now try to take a leading role in "managing the earth". With the promotion of economic growth to a planetary imperative and the rehabilitation of technological progress, both development institutions and organizations and states appeared as legitimate agents to solve global environmental problems.\(^{183}\) If international organizations have benefitted from the global perspective which emerged from Rio, they have also contributed to mould it. There is an active "epistemic community", which includes both the international organization establishment and large environmental NGOs, promoting the "global environmental management" approach.\(^{184}\) These groups tend to believe that their moral views are "cosmopolitan" and "universal", and emphasize the existence of an international society of human beings sharing common moral bonds. In this kind of "same boat" ideology, environmental concerns tend to be presented as moral imperatives, related neither to political nor to economic advantages. It would be a consensual concern, a sort of "universal" principle accepted over borders and political boundaries. Some authors even argue that there is now a universally accepted "international environmental ethos". This "universal ethos" could be defined as "a set of principles, values or norms relating to the ways in which we interact with our environment". It consists in a number of values which are supposedly shared by humanity as a whole, across cultures and political boundaries, and which include creation, health and survival, posterity, material objectives, beauty, altruism, justice and peace.\(^{185}\) An example of an institution promoting these ideas is given by the Commission on Global Governance. In the words of the Commission, "we believe that a global civic ethic to guide action within

\(^{183}\) This critique of the technocratic approach draws extensively from Pratap Chatterjee and Matthias Finger (1994:20-7,173) and Wolfgang Sachs (1992:27-8) and (1993:3).

\(^{184}\) In the words of Peter Haas, epistemic communities refer to a "specific community of experts sharing a belief in a common set of cause-and-effect relationships as well as common values to which policies governing these relationships will be applied". Peter Haas (1989:384).

\(^{185}\) On the "international environmental ethos", see Alan L. Button (1992:682,707-716) and Nigel Dower (1989:11).
the global neighborhood and leadership infused with that ethic are vital to the quality of
global governance. We call for a common commitment to core values that all humanity could
uphold (...). We further believe humanity as a whole will be best served by recognition of a
set of common rights and responsibilities”.

Part of the Green movement came to support this "same boat ideology" and was incorporated
into the "epistemic community". Actually, mainstream conservationist environmentalists were
fully admitted into the "global environmental management" establishment, conferring
legitimacy to the UNCED process. NGOs contributed to UNCED to an unprecedented
degree in the history of UN negotiations. NGOs lobbied at the official process, participated
in Prepcoms and were even admitted in some countries’ delegations, a novelty which was
rendered possible by resolution 44/228 which called for "relevant non-governmental
organizations in consultative status with the Economic and Social Council to contribute to
the Conference, as appropriate". In addition, during UNCED, NGOs organized in Rio
a meeting parallel to the official governmental conference, the "Global Forum", which
gathered about 30,000 people, representing 760 associations, among participants and visitors,
in a sort of "NGO city" organized along Guanabara Bay in the heart of Rio de Janeiro.
During one week, the Global Forum became the home of environmentalists and social
activists, of indians and ethnic minorities, of feminists and homosexual groups, all united to
"save the earth", in an exotic and moving sight. NGOs organized many demonstrations
protesting against the modest results of the official summit and elaborated their own agenda
for improving environmental protection worldwide. Yet NGO efforts tended to become
coopted by larger and richer groups from advanced countries, which had more means, not
only financially but also in terms of organizational, scientific and research capacity, to
promote their own views. In the end, after a preparatory meeting in Paris in December 1991,
which produced a declaration called "Ya Wananchi" ('daughters and sons of the earth' in
Swahili), NGOs decided that they would sign, in Rio, NGOs "treaties" on all the issues being

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187 The analysis that follows draws from my personal participation in the Rio 1992 "Global Forum", which allowed me to carry out
extensive interviews with activists and NGO campaigners.

188 See United Nations General Assembly, Resolution 44/228, part 2 paragraph 12. According to article 71 of the United Nations
Charter, NGOs can be granted a 'consultative status' with Ecosoc.
discussed at the UNCED official meeting. The main activity at the Global Forum was then the "treaty negotiation" process, just like at the official forum, a process which proved to be very disappointing, as the same North-South conflicts that were blocking UNCED tended to separate northern and southern NGOs. In the end, the "NGO treaty process" was little more than a pantomime of real diplomacy, and ultimately, the 'treaties' agreed upon, negotiated among a dozen NGOs or two, had a limited value and a modest impact on the future of NGOs activity. The representation at the Global Forum was also very inequal, illustrating differences in means between northern and southern NGOs: southern NGOs accounted for only 32% of the participants, against 68% for northern NGOs, and a large majority of the southern NGOs were Brazilian and Latin American NGOs. Asian, and above all, African NGOs, were largely under-represented. Differences in associative traditions and language barriers also explain the hegemony of Anglo-Saxon organizations at the Global Forum. In the end, influential NGOs decided to center their attentions and efforts on lobbying the official conference. The Earth Summit in 1992 represented a real momentum for NGO activities, it allowed some of them to have a better idea of what their counterparts where doing in other parts of the world, and was the base for establishing cooperation projects and partnerships among organizations. Yet while NGO efforts illustrated by the Global Forum aimed at uniting NGOs worldwide, the green movement came out of Rio as appearing even weaker and more fragmented, with the polarization between "realist", co-operative NGOs on the one side and "radical", transformative NGOs on the other.

Finally, the "sustainable development" approach also suited the interests of some governments in the Third World which are primarily committed to economic development and sought through UNCED to obtain concessions in financial and technological terms in exchange of their support for environmental management. Some Third World countries are still marked by a "developmentalist" ideology in which economic development comes before anything else. In addition, resource rich countries such as Malaysia, Indonesia, or Brazil, have traditionally

\[189\] For example, the negotiations of the NGO "debt treaty", which I attended, were polarized between North and South, southern NGOs rejecting all proposals of debt swaps on the ground that the Third World's debt was not legitimate, while northern NGOs pressed for "realist solutions" and privileged environmental considerations over social justice. See Global Forum 1992, Treaty n° 13.
had a vision of unending and expanding frontiers, in which land and natural resources are unlimited and no constraints are seen to exist on the use of resources. As a result, they were unwilling to accept the elaboration of international regimes aiming at limiting their sovereignty over the exploitation of natural resources. The issue of sovereignty had long been a major source of tension during international environmental negotiations. Already at the Stockholm Conference in 1972 developing countries had pressed for the inclusion of a specific principle on the topic. Principle 21 of the Stockholm Declaration stated that "States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental policies, and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or areas beyond the limits of national jurisdiction". The same debate arose when UNCED was convened, and in the end the sovereignty principle as in stood in the Stockholm Declaration’s principle 21 was included in the Rio Declaration. In addition, a guarantee that economic development would continue to be the priority on the international agenda was an essential element for developing countries. The reaffirmation of the "right to development", and of the "sovereignty" principle, ensured in Rio, were then the two elements that made agreement at UNCED possible for the Group of 77. The alliance between "environment" and "development" could then become official. As described by the vice-president of the International Institute for Environment and Development (IIED), "it has not been too difficult to push the environment lobby of the North and the development lobby of the South together. And there is now in fact a blurring of the distinction between the two, so they are coming to have a common consensus around the theme of Sustainable Development". Yet to fully understand the nature of the "consensus around the theme of sustainable development", one last actor needs to be introduced. The actor whose vision shaped most fundamentally the content of this consensus, the real "winner of Rio", is the business and industry sector, and in particular transnational corporations.

II.2. The Influence of Business and Industry

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190 Tanq Banuri (1992:84-5).
Indeed, in this process of consensus formation, business and industry have exerted a structuring influence. They succeeded in making their view hegemonic, and ended up being considered after Rio as a major social actor providing solutions to the global ecological crisis. As influential economic agents, transnational corporations (TNCs) have activities that directly impact on the situation of the environment. TNCs have been a constant target of NGOs, which point out their preponderant role in environmental degradation. Several public campaigns and boycotts have been organized to draw the public’s attention on the issue and force TNCs to comply with legislation, adopt higher environmental standards or change production processes. On the issue of tropical deforestation for example, NGOs have pointed out that corporations such as British Petroleum, Shell or Mitsubishi bear a large responsibility for forest devastation worldwide. In 1989, *The Sunday Times* accused several corporations of contributing to the depletion of the Amazonian rainforest in Brazil. According to the British newspaper, British Petroleum was responsible for the deforestation of an area of 1011 km² in the Jamari National Forest, an ecological conservation unit in the State of Rondônia, while Barclays Bank had invested in cattle-ranching activities in the area of the Araguaia river on lands cleared and burnt to become pasture, and Shell was extracting bauxite to produce aluminium in the port of Trombetas, where 1.2 km² of virgin rainforest are devastated every year.¹⁹² More recently, the Rainforest Action Network (RAN), a large environmental NGO, accused Mitsubishi, together with its subsidiary Meiwa, of being "the greatest corporate threat to the world's tropical, temperate and boreal forests". According to RAN, in 1991 Mitsubishi and Meiwa combined to be the second importer of tropical timber into Japan. Mitsubishi Corporation is active in South America, owning the largest timber operation in the Brazilian Amazon (Eidai do Brasil Madeiras S.A.) and one of the largest in Bolivia. RAN accuses Mitsubishi of being engaged in illegal logging, transfer pricing, tax evasion, violations of pollution standards, anti-trust activity, violation of native land claims, and employment of illegal aliens.¹⁹³ Yet despite evidence of the role of corporations in environmental degradation, the issue was not really discussed and questioned during the UNCED process. There is, it is true, a chapter in Agenda 21 dedicated to the role of business and industry, chapter 30. Yet the document does not in any way blame business for its major contribution

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¹⁹² See *The Sunday Times* June 20th 1989.

to the ecological crisis. Agenda 21 contents itself with providing guidelines to firms in order to help them improve their environmental records, in particular through better planning, strategy and management techniques, auditing, training, education and research, information and dialogue with other actors, and the publication of regular reports on environmental impacts.

But this is not to say that business and industry were absent or uninterested in the negotiation. On the contrary, large corporations were very active in the UNCED process, and even before it. Already in 1984 a World Industry Conference on Environmental Management (WICEM I) had been organized in Versailles, France, gathering four to five hundred business leaders to recommend actions to include environmental concerns in industry planning. WICEM II, which took place in Rotterdam in April 1991, was even larger, gathering between seven to eight hundred business leaders from more than 80 countries. WICEM II adopted "sustainable development" as its main axe, stating that there should be convergence, and not conflict, between economic development and environmental protection, and launched the Business Charter for Sustainable Development. In addition, in 1990, the Business Council for Sustainable Development (BCSD) was created under the chair of the Swiss industrialist Stephan Schmidheiny, personal friend of Maurice Strong (UNCED's Secretary General) and his special adviser for business and industry during the UNCED process. The BCSD was created as a group of 48 chief executive officers of corporations from all regions of the world, some of them with an appalling environmental record, including companies such as Chevron, Volkswagen, Nissan, Nippon, Mitsubishi, Dow, Shell, CVRD, Aracruz, and Axel Johnson. The BCSD was closely involved in the preparation of the Conference, and, through Strong, had special access to UNCED's Secretariat. As a result, after Rio, corporations became "partners in dialogue", and their vision of "sustainability" became the dominant vision. According to Chatterjee and Finger, corporations shaped the very way environment and development are being looked at: "business and industry worldview came out of Rio as the solution to the global environmental crisis and no longer as its cause".

In the words of the BCSD, "the cornerstone of sustainable development is a system of open, competitive markets in which prices are made to reflect costs of environmental as well as other resources". For the BCSD, "when viewed within the context of sustainable development,
environmental concerns become not just a cost of doing business, but a potent source of competitive advantage. Enterprises that embrace the concept can effectively realize the advantages in more efficient processes, improvements in productivity, lower compliance costs, and new market opportunities. Thus, by creating competitive advantages, environmental concerns can provide corporations with new market opportunities and be the source of new profit. Finally, business sees the new era of global development as the era of market efficiency. "It is time for business to take the lead", says Schmidheiny; "change by business is less painful, more efficient, and cheaper for consumers, for governments, and for business themselves. By living up to its responsibilities, business will be able to shape a reasonable and appropriate path toward sustainable development". The ecological crisis, which actually business does not perceive as a crisis but rather as adverse and controllable side-effects of development, can be solved via increased efficiency, which is to be achieved not through government regulation but through open markets, with the new concern for "internalizing externalities". Today, the BCSD has become the WBCSD (World Business Council for Sustainable Development), under the chair of Björn Stigman. It now has 125 members representing companies such as British Petroleum, Ciba Geigy, Nestlé, Monsanto and the Western Mining Corporation. The WCSD is said to have led industry input into the UN Commission for Sustainable Development and UNCED’s 1997 review.

III. From Rio 92 to New York 97: Rise and Failure of "Global Environmental Management"

III.1. UNCED’s Review Five Years after Rio

Five years after Rio, as foreseen during UNCED, the review of UNCED’s implementation culminated with the June 1997 New York Summit, often referred to as "Earth Summit II". Earth Summit II’s official name is UNGASS, United Nations General Assembly Special Session. During UNGASS, five years of work of the Commission on Sustainable

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195 For a critical view on the WBCSD (and more generally on the role of corporations in promoting social exclusion and environmental degradation), see Corporate Europe Observatory (CEO) (1997) Europe, Inc. Dangerous Liaisons Between EU Institutions and Industry. Amsterdam, CEO:38-9.
Development (CSD) were presented, including a report by the Secretary-General assessing the
progress achieved in the implementation of Agenda 21 and recommendations for future action
and priorities. UNGASS was carried out at the highest level of political representation -
Heads of State and Governments - and, in UNGASS' language, aimed at "re-energize our
commitment to further action on goals and objectives set out by the Rio Earth Summit".
A new energy was indeed necessary: the main outcome of the meeting was the public
recognition of the failure of international efforts to promote long-term sustainability. Yet it
only adopted a document, the "Program for the Further Implementation of Agenda 21", and
did not produce a political statement or binding commitments needed to reverse unsustainable
trends. The text acknowledges that, "five years after UNCED, the state of the global
environment has continued to deteriorate", and reviews the situation in all areas of action. It
notes progress in institutional development, international consensus-building, public
participation and private sector actions, which has allowed some countries to curb pollution
and slow the rate of resource degradation. Yet, "overall, trends are worsening", polluting
emissions have increased, and "marginal progress has been made in addressing unsustainable
production and consumption patterns". Inadequate and unsafe water supplies are still
aggravating health problems, the situation of fragile ecosystems is still deteriorating, and
renewable resources are used at an unsustainable rate. Despite progress in material and energy
efficiency, "overall trends remain unsustainable". The document then reviews progress
in all sectors and issues, such as, inter alia, fresh water, oceans and seas, forests, energy,
transport and atmosphere, recommends means of implementation and adopts a program of
work of the CSD for the next five years, with a commitment to "ensure that the next

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196 CSD held five sessions in preparation of UNGASS: during the first session (June 1993) a program of work was adopted, during
the second (May 1994) a first cluster of cross-sectoral chapters of Agenda 21 were examined: trade, consumption patterns, major groups,
health, settlements, fresh water and wastes. During the third session (April 1995) the second cluster of issues according to the program of
work was examined: land resources, deforestation, desertification, mountains, agriculture, biodiversity and biotechnology. The fourth session
(May 1996) examined financial resources, consumption, technology, education, inter alia. The last session (March 1997) concentrated on
the format and content of the document to be considered at UNGASS. Source: Earth Negotiations Bulletin vol. 5 n° 82 : 1-2.

197 UNGASS was attended by 53 Heads of State and Government, along with ministers and other high-level officials. Its aims are stated
in: United Nations Department for Policy Coordination and Sustainable Development (DPCSD) (1997) 'Programme for Further
Commitment", paragraph 1.

198 The attempt to produce a true Political Statement encompassing concerns about the progress needed in the future failed, and in the
end General Assembly President Razali Ismael had to resign itself with including six paragraphs called 'Statement of Commitment' at the
beginning of the 'Programme for the Further Implementation of Agenda 21'. The aim here is not to present a full account of UNCED's review but rather to sketch out the main trends emanating from the review
process and to critically assess it. For more information refer to the UN document.

De Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil
European University Institute
DOI: 10.2870/73863
comprehensive review of Agenda 21 in 2002 demonstrates greater measurable progress in achieving sustainable development.

Interestingly enough for the present research, all these trends are examined within the framework of economic globalization. The very assessment of progress made since UNCED starts highlighting that the five years elapsed since then "have been characterized by the accelerated globalization of interactions among countries in the areas of world trade, foreign direct investment and capital markets". The document recognizes the uneveness of the globalization process, stressing that marginalization and income inequality is increasing in some countries as well as within countries and that unemployment has worsened in many countries. Yet it is believed that "globalization presents new opportunities and challenges". The report notes that "a limited number of developing countries have been able to take advantage of those trends, attracting large inflows of external private capital and experiencing significant export-led growth and acceleration of growth in per capita gross domestic product (GDP)". The view is thus that all countries could "take advantage" of the globalization trend. It is not perceived that only a few countries, due to specific conjunctural conditions, including interest rates and the monetary situation for example, can attract the volume of FDI necessary to feed the high growth rates praised in the document. The conceptual link with economic globalization is thus flawed. It is not mentioned that it is precisely the "significant export-led growth" and the "acceleration of growth in per capita GDP" that are responsible for the worsening of overall trends for sustainable development.200

In addition, though the text perceives unsustainable patterns of production and consumption as the "major cause of continued deterioration of the global environment" and observes that "unsustainable patterns in the industrialized countries continue to aggravate the threats to the environment", only very vague actions and guidelines are adopted to change them, such as recommending the internalization of environmental costs, developing indicators, promoting efficiency, information, technology, and the "role of business in shaping more sustainable patterns of consumption".201 No binding commitment to deal effectively with consumption


of the Rio promises" and of an "utterly shameful outcome from Earth Summit II". The reality is that the world has changed since Rio, and this change has a name: globalization. The Rio 1992 bargain was based on the commitment by developed countries to provide increased financial resources through ODA and technology transfer to help developing countries move towards sustainability. The implementation of UNCED’s agreement was in a sense made dependent upon this aid. However, since Rio, ODA levels have been declining and the private sector has become the major agent of change. Government spendings is being cut and state reforms are being carried out worldwide, often reducing not only ODA but also environmental budgets. At UNGASS 1997, developing countries through the G77 tried to obtain a recommitment from the North to UNCED’s bargain, including an increase in financial flows, technology transfer and an international economic system more favorable to developing countries. Yet today, as foreign investment replaces overseas development assistance in amount and frequency, UNCED’s bargain seems politically outdated, and, as a result, its implementation appears highly jeopardized.

Finally, at the level of NGOs, the fracture among environmentalists is today stronger than five years ago. NGOs did lobby the CSD and try to influence the official negotiation process. Actually, NGOs achieved unprecedented access to the intergovernmental process, with Greenpeace and the Third World Network being allowed to make speeches before the General Assembly. However, most of them had given up the idea of having a unified position on all environmental matters, and no "Global Forum II" was organized in New York, only an unappropriately named "Global Gathering", described by participants as a 'total mess', took place. The major NGO event leading up to UNGASS was the "Rio+5" Forum, which took place in Rio de Janeiro from 13 to 19 of March 1997, and which aimed at providing NGOs with an opportunity to reflect and to determine how to effectively implement sustainable development. The meeting was organized by the NGO Earth Council, created in September 1992 as a follow-up of UNCED, and chaired by Maurice Strong, ex-secretary general of

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206 A Friends of the Earth activist describes the climate during the Earth Summit II in the following way: "by the end of the week, the UN Secretariat resembled a funeral parlour, with down-in-the-mouth delegates and NGOs mourning the demise of the global partnership and the spirit of Rio. There was talk of Rio plus 0 and Rio minus 5. See Malini Mehra (FoE) 'Earth Summit II'. Link a°79, July/August 1997 :17-8.

207 Analysis based on the account of UNGASS negotiation process provided by IIID's Earth Negotiations Bulletin vol. 5 n° 88, 30 June 1997.
UNCED. The RIO+5 forum well illustrated the division among NGOs, as it was essentially attended by what I have called "technocratic" NGOs, of which the Earth Council itself is a good example. Other NGOs, both social ecologists and conservation activists, criticized the forum for the content of the meeting, judged too uncritical and vague, and for its guests, composed to a large extent of famous personalities, business people and the international development community. Large activist NGOs such as Greenpeace refused to participate in the process and to attend the forum.

III.2. The Limits of Global Environmental Management

The above section has noted that, although steps have been undertaken between Rio 1992 and New York 1997 in the direction of the globalization of environmental protection, the world is actually further away from sustainability today than it was then. With environmental globalization and the consensual concept of sustainable development, the perception of an ecological crisis has vanished: acting for environmental protection has become a technical problem, a problem of increasing efficiency and of better using resources such as science, technology, information, capital, and institutions. The cause of environmental problems is no longer perceived as being linked to industrial development and ever-increasing material accumulation, but it has become the very existence of human beings. Environmental problems are understood as unavoidable, as side-effects of human activities, and efforts are then directed at solving these problems. Global environmental management and sustainable development are thus "problem solving" concepts, in Cox's terminology, as they only represent a strategy to allow the pursuit of present lifestyles and standards. They also tend to be uneven concepts as they do not aim at promoting the correction of global disparities. They attempt to offer a 'universal' framework in which the global society as the unit of analysis and a large share of the blame for environmental degradation rests on the Third World. Instead of stressing affluence, over production and over consumption in advanced countries as the main causes of environmental degradation, it tends to suggest that problems arise from poverty. Environmental degradation is transformed from a problem of affluence into a problem of poverty. The responsibility is shifted from major polluters and industrialized countries abuses to all inhabitants of the planet. For Chatterjee and Finger, the only different
element in this approach is that development is now looked at from a global perspective, making the development discourse universal. And the New York Summit represented a step further in that direction, asserting the desirability of the globalization process and underlining its beneficial aspects. With the adoption of the project of global environmental management, one particular understanding of the world, the one promoted by business and large corporations in Western affluent societies, becomes hegemonic and appears to be universal. Environmental concerns have been incorporated as a mere dimension of the "globalization project", a project that advocates an universalized model of production, of consumption, and thus of dealing with problems of environmental protection resulting from these activities. By assuming its universality, it tends to marginalize other knowledges and other solutions to problems of environmental protection. Interestingly enough, it was unanimously recognized that the most positive result and follow-up of UNCED was without doubt realized at the micro-level, within the Local Agenda 21 framework. In an effort to implement locally Agenda 21, social groups have worked together with local authorities to make sustainable development a reality at the local level, often on a truly participatory basis and reflecting grassroots concern and involvement.

From a critical IPE point of view, global management's failure, exemplified in the New York Summit, is hardly surprising. Indeed, the global management approach inspired by business perspective and propagated by the international development establishment only tends to strengthen the globalization project defined in chapter 2 and to aggravate its effects in terms of social exclusion and environmental destruction. It further weakens social protection and environmental protection in the name of economic efficiency. It stands at odds with the commitment to social change and to equity which lies at the root of a critical, political economy view of global environmental politics as inserted within the dynamics of economic accumulation and social structures. Sustainable Development as defined in Rio and reasserted in New York has been practically translated into technocratic responses to what are in reality political problems. Nature is viewed as an economic resource to be used for further development. Sustainable development becomes a matter of financial and human capital,
technology and organizational capacity. The question of the ownership of natural resources, for example, is not addressed.

However, environmental problems in the South are often linked to problems of resource ownership and equity. Tropical deforestation is an interesting case of an environmental problem which is essentially a problem of ownership, showing tensions in the access to forest resources and in the control of forests benefits. In Brazil for example, deforestation is partly caused by the struggle for land and the migration of farmers in search of land to the Amazon region, which itself is linked to the structure of land ownership and to the lack of agrarian reform. It is also linked to the priority placed by the government on farming for export in order to repay the loans of the foreign debt, leading to increased deforestation and displacement of forest people and peasants in the Amazon region. Deforestation can also be seen in the context of the geopolitical need for integration, which was a major concern of the military regime which ruled Brazil from 1964 to 1984. Today, with the growing hegemony of the globalization project in Brazil and the subsequent adoption of liberalization reforms, privatization and the reform of the state, the dynamics of deforestation in Amazonia are being redefined, and new obstacles are emerging on the rocky road to long-term sustainability in this region. In this transformative process involving changes in state-society relations and the redefinition of the country's international insertion after the exhaustion of ISI industrialization, the "global management" consensus has played a significant role. More specifically, institutions, economic instruments and actions taken at the international level to protect tropical forests, a sort of nascent "international regime" for tropical forests, are helping to shape the new political economy of environment and development in Amazonia. The following chapter will consider in detail the origins, nature and implications of the "international regime" which is being developed to deal with the issue of tropical forests at the global level.
Chapter IV. An Example of Global Environmental Management: The International Regime for Tropical Forests

With the "globalization" of environmental protection, both the amount and the scope of environmental regulations have been widened. A number of international institutions have been created to deal with specific environmental problems, and, on a number of areas formal, "international regimes" have been developed, as in the case, for example, of ozone protection (Vienna Convention and Montreal Protocol on Substances that Deplete the Ozone Layer), climate change (UN Framework Convention on Climate Change) or on biodiversity (UN Convention on Biological Diversity). Those are the areas in which binding international conventions have been agreed upon and signed, establishing precise "principles, norms, rules and decision-making procedures around which actor expectations converge", in Krasner's terminology. However, on a number of other topics, there are no real binding international "regimes", mainly because no agreement has been reached on the state of knowledge, and/or awareness is insufficient. These include questions such as tropical forests, where strong disagreement between developed and developing countries has not allowed for the establishment of a legally-binding regime. Yet despite the lack of formal legal institutions, several legal and economic instruments exist that, together, form a sort of informal "international regime" for tropical forests. Being one of the most controversial cases of international environmental negotiations, it is worth examining as an example of the shortcomings of the "global management" approach. This chapter starts by providing some background information on the issue of tropical forests in order to clarify the complexity of the issue and why it has become so polarized between rich and poor countries. Before addressing the nascent international regime for forests, it considers in a first section how the international trading system represented by the GATT/World Trade Organization is dealing with the issue of environmental protection, and the efforts to "green" trade. Secondly, it examines the insertion of the issue of forests in the international political economy, trends and implications of the trade in forest products and in timber, results of the Uruguay Round, the role of the International Tropical Timber Organization, and efforts to develop trade regulations such as timber certification. It then addresses attempts to restructure both international finance and debt problems in a less environmentally-damaging way, with the reform of the World
Bank and initiatives such as debt-for-nature swaps. The third section reviews the responses at the level of the international legal system and the legal instruments developed at UNCED and in its follow-up. The chapter concludes with an evaluation of the nascent forest regime which stresses its shortcomings and underlines its contradictory character.

**Introduction: The Global Significance of Forests**

Forests, which cover 27.7% of the total ice-free land area of the world, play an essential role from the ecological as well as from the economic point of view. It is estimated that about 500 million persons, most of whom are poor, live in or close to a forest and depend on it for food, energy, fodder, wood and income. The ecological functions of forests include protecting and stabilizing soils and climates, and serving as the habitat for a large number of populations, animals and vegetal species. Forests also act as "sinks", reducing the effects of CO2 in the atmosphere, and help to fight global warming.209 From the economic point of view, forests provide not only timber but also medical and agricultural material. The tropical rain forests represent an important reservoir of genetic richness. Finally, forests have important aesthetic and cultural values which are difficult to measure but nevertheless important. From the international institutional point of view, forests have received increasing attention from international organizations, multilateral agencies and non-governmental organizations. Nowadays, several institutions deal with the issue of forest preservation and management at the global level. The question of forest conservation and management is a problem of great complexity. First, the knowledge of the field is still incomplete, and the scientific uncertainty on their exact ecological role makes it difficult to agree upon a truly sustainable model of development for forests. Second, as I have already pointed out, forests serve multiple functions at local, national and global levels. Finally, forests are a dynamic resource, they are always evolving and regenerating. It is therefore not at all surprising that there should be different views on how to manage them globally. Before such a complex and uncertain issue, it becomes problematic to decide on how to "conserve" or preserve forests, and at which stage. The causes of deforestation are extremely different from one region to another, making it difficult to design a global strategy to curb deforestation. Among the causes of

209 Source: World Bank (1991), r

De Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil
European University Institute
DOI: 10.2870/73863
deforestation, the most important ones are agricultural demands and shifting cultivators, which account for 55% of deforestation. Other causes include logging (less than 10%), infrastructure development such as building roads and dams (10%), movements of settlers after logging (25%), demand for fuel, the greenhouse effect feedbacks and acid rain, and mineral exploration and production.210

Table 4.1. Deforestation in the Tropical Rain Forest Zone (Hectares and Percentage)

<table>
<thead>
<tr>
<th>Region</th>
<th>Total land area (million ha)</th>
<th>Total forested area 1990 (million ha)</th>
<th>Total forested area 1990 (% of zone)</th>
<th>Annual deforestation 1981-90 (million ha)</th>
<th>Annual deforestation 1981-90 (% of zone)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>118.5</td>
<td>86.6</td>
<td>73</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Asia</td>
<td>306.0</td>
<td>177.4</td>
<td>58</td>
<td>2.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Latin America</td>
<td>522.6</td>
<td>454.3</td>
<td>87</td>
<td>1.9</td>
<td>0.4</td>
</tr>
<tr>
<td>World Total</td>
<td>947.1</td>
<td>718.3</td>
<td>76</td>
<td>4.6</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Source: FAO (1993:30).

Forests have received increasing attention at the international level, especially since the end of the 1980s. The first reason is the alarming rate of deforestation observed, especially in 1988, when there were records in depletion because of huge fires in the Amazon region. These fires caused record levels of emission in the atmosphere. The second reason for the emergence of the issue of forest destruction as a global issue is that deforestation is a problem which is immediately visible and understandable, while other environmental issues - such as the ozone layer or global warming - are more difficult to understand, because their effects are indirect or long term. Finally, as the links between deforestation and global warming became more visible with new scientific evidence, the preservation of forests has started to be seen as a means of stabilizing the climate. Ensuring that a sufficient percentage of tropical forests remains standing has appeared to be a way of avoiding other measures to fight the major causes of climate change: CO2 emissions caused by industrial activities. This is why the issue

of forest preservation is so controversial: tropical forests, located in developing countries, contribute to global climate stability; yet it is developed countries who are responsible for the majority of polluting emissions in the atmosphere (40% of sulphur oxides, 52% of Nitrogen oxides, and 71% of CO2). The debate leads itself to a North-South interpretation: developing countries understand the issue as if developed countries were telling them: "keep your forests standing and do not develop so that we can continue polluting the atmosphere with our industrial activities". This contradiction has been the major cause of disagreement between North and South, and reflects the dichotomy between environment and development imperatives. From a strictly territorial point of view, forests are clearly a national resource. The concern of industrialized states in preserving tropical forests located in developing countries represents an attempt to limit their autonomy in managing a purely national resource. The issue of forestry thus appears as particularly interesting: it is the only global environmental issue which concerns a national resource. Other global environmental issues deal with resources considered as common, such as the air, the oceans, or the atmosphere.

1. The International Trading System and Environmental Protection

The issue of tropical forests is inserted into the international political economy through different channels. Two main axes are considered here: the relationship between trade and environment and the links between finance and environment. Parallel to the process of economic globalization and to the emergence of the consensus on "sustainable development", international economic institutions were reformed in an effort to "integrate" environmental concerns. Before going into the case of forests, this session will first explain the issues at stake in the "greening" of the General Agreement on Tarriffs and Trade (GATT) and of its successor, the World Trade Organization (WTO), examining the contentious points and the progress accomplished in recent years.

Trade flows, as has been explained before, have a significant influence on the situation of the environment. The evidence that trade and the environment are linked has brought new tasks to the international political system, which has to answer to demands and complaints generated by this relation. Environmental concerns manifest themselves in the international
trading system under the form of unilateral trade measures restricting imports, as attempts to include trade measures in Multilateral Environmental Agreements (MEAs), as well as as attempts to include environmental clauses in trade agreements, in particular in the GATT/World Trade Organization (WTO) context. In addition, several cases of boycotts against products considered "not-environmentally friendly" have been observed. There are even cases of boycotts against all products originating from a country on the ground that this country has a policy considered as anti-ecological. In 1993, in the context of the negotiations of the International Whaling Convention, the organization "Greenpeace" launched a boycott of all products originating in Norway because of this country's refusal to curb whaling. In this scenario, developing countries have been adopting different postures. On the one hand, they try to reject trade restrictions by putting forward the sovereignty principle and by arguing that they have the right to have different environmental priorities than those of advanced countries. Indeed, the country that applies trade restrictions with environmental objectives does not aim at applying its norms and rules on its own jurisdiction. What this country does is to impose standards established by its law on other countries, in what is often referred to as a form of "ecological imperialism". However, this type of argument has by now lost part of its relevance in a context of ever increasing forms of global governance. Aware that this posture of rejection cannot be sustained, developing countries now try to adapt to this new reality, and use the very rules of the international system to defend themselves. They argue that the application of unilateral measures violates the basic principles of free trade and the GATT/WTO rules. Indeed, the GATT has arbitrated cases of "environmental conflicts", in which one part accuses the other of not respecting the GATT rules in the name of environmental protection. To solve these disputes, special panels have been created, as in the famous "tuna-dolphin" case between Mexico and the United States. It is thus interesting to analyze the way in which the international political and institutional system responds to the need to regulate the relations between trade and environmental protection and to examine how the apparent tension between open trade regimes and strictly defined environmental regimes

211 See the article by David Dodwell, "GATT issues warning against environmental imperialism" published in the Financial Times, 12 February 1992. The risk of "eco-imperialism" is also underlined by Charles Pearson, who comments that a country can try to internationalize its preferences in the field of the environment without having to directly bear the costs of environmental protection. See Charles Pearson (1992:12).

212 The tuna-dolphin case will be described more in detail. See the Report by the Special Panel on Tuna in Galt's Bulletin Focus, n° 88, March 1992.
is dealt with at the global level. This session will first concentrate on the topic of trade and environment within the GATT/WTO framework, and then go to the case of forests to examine existing measures and instruments, both legal and economic, dealing with trade affecting forests, mainly timber trade.

1.1. The Environment in GATT.

The main goal of GATT was the promotion of trade relations "by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of the discriminatory treatment in international commerce". The agreement tried to establish stable and predictable opportunities for access to markets on the grounds of convened norms and practices. The issue of environmental protection was very present in the debates of the Uruguay Round. Indeed, environmental concerns have challenged basic rules and principles of the original GATT agreement and have generated severe criticism. Environmental protection is not a new issue in the multilateral trade context. Already at the time of the preparation of the Stockholm United Nations Conference on the Human Environment in 1972, the GATT Secretariat presented a study called "Fight against industrial pollution and international trade". The study pointed out the need to avoid that the fight against industrial pollution become a barrier to trade. In November 1971, upon the suggestion of the Director General, the GATT Council created the "Group on Environmental Measures and International Trade" (GEMIT). The group was established as a reserve mechanism, which would be put into action only on the request of a Contracting Party. In twenty years, the GEMIT did not hold a single meeting. In February 1991, in the context of UNCED's preparation, the EFTA (European Free Trade Agreement) countries proposed the reactivation of the Group. The proposal was not well received by several developing countries, who judged that GATT was not the adequate forum to discuss environmental issues. For them, the issue had to be addressed in the context of international organizations mandated to deal with the issue of environmental protection, such

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214 Text of the General Agreement on Tariffs and Trade, Preamble :1.

215 For more information on the GEMIT, see GATT's Bulletin Focus, n°85, October 1991: 3.
as the United Nations Environment Program (UNEP), or the Food and Agriculture Organization (FAO). They were afraid that "provisions of the General Agreement facilitate or may justify the application of environmental measures on political or other coercive grounds". Finally, after several months of discussion, a meeting in October 1991 approved the reactivation of the GEMIT. The mandate of the Group was to clarify the following issues: i) the trade related provisions contained in Multilateral Environmental Agreements, and their adequacy to GATT principles; ii) the effects of national environmental legislations on trade; iii) the trade effects of provisions for packaging and labels aiming to protect the environment.

Parallel to the GEMIT, the GATT Secretary prepared a report on trade and the environment to serve as a basis for the discussion on environmental issues in the GATT context. The report clarifies the relations between trade and the environment, analyzes the use of trade measures with environmental goals as well as the conflicting cases between these measures and GATT principles, and gives precise recommendations on the best ways to achieve trade-related environmental goals. The report concludes by saying that free trade is generally beneficial to the environment, and that trade restrictions, apart from violating GATT principles, are in no way the most efficient way to protect the environment. According to the GATT Secretariat, "even though the General Agreement does not mention the environment explicitly, non-discriminatory environmental policies ordinarily would not be subject to any GATT constraints". A country has the right to adopt whatever measures it considers necessary to protect itself from the negative impact that the production or consumption of national and foreign products may have on the environment, but only as long as these measures are applied in a non-discriminatory manner and do not challenge GATT rules and disciplines. Six issues are worth considering: basic rules, the exceptions in article XX, the Code of Standards, unilateral measures, subsidies, and dumping.

I.1.1. Basic Rules

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216 Declaration of the ASEAN during the GATT Council meeting of 29th and 30th of May 1991. Quoted in Focus, n°82, July 1991.

One of the basic rules of GATT is the "General Most-Favoured-Nation Treatment". According to Article 1, trade policies must be applied in a non-discriminatory manner to all products, regardless of their origins. Except for exceptions defined a priori, a country cannot give advantages to products originating from one particular country that it cannot give to products coming from all countries. The Most-Favoured-Nation Treatment (MFN) states that foreign products should receive the same treatment as national products. Article III, on "National Treatment on Internal Taxation and Regulation", clearly indicates that imports "shall be accorded treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use". Concerning environmental protection, the important issue is to decide if these principles apply only to products, or whether they are valid also for the processes and production methods (PPMs).

A concept developed by the GATT is the one of "like products". The national treatment principle obliges contracting parties to apply to imports the same treatment that national "like products" get regarding taxes and charges. The concept of "like products" gains considerable importance in the application of the obligations emanating from the GATT agreement. Initially, the idea was that "like products" should not receive different treatment because of their origins. Today, the concept of "like products" is at the heart of the discussion on the use of protectionist measures on the ground of the existence of differences not in products themselves, but in the processes and production methods (PPMs). If similar products could be differentiated according to their PPMs, then discrimination against imports could be based on the argument that it was not produced in a sustainable manner, or that the PPMs did not respect social or human rights. Whether GATT would allow the inclusion of PPMs and provide some ground to fight against what has been called "ecodumping" or "social dumping" was a major issue in the context of the Uruguay Round, and is still the source of conflicts and heated discussions within the World Trade Organization.

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218 Text of the General Agreement on Tariffs and Trade. Part II. Article III, paragraph 4, p. 6.

219 Article III of the text of the General Agreement states that "the products of the territory of any contracting party shall not be subject, directly or indirectly, to internal taxes or other internal charges of any kind in excess of those applied, directly or indirectly, to like domestic products", paragraph 2: 6.
I.1.2. Exceptions: Article XX

Even though GATT is primarily aimed at promoting trade, it pretends that it is not indifferent to the need to protect the environment. Article XX, "General Exceptions", recognizes the legitimacy of trade measures used to protect the environment and establishes the border between national priorities in environmental protection and multilateral environmental agreements. Article XX of the General Agreement is based on article 43 of the project of Charter for the International Trade Organization", in the context of the Havana Charter. The word "environment" is not explicitly mentioned, but this can be explained by the fact that the issue of environmental protection was not of public interest in 1947, and that provisions of article XX were not designed to protect the environment. However, the agreement stipulates two cases in which trade restrictions are allowed to protect the environment: i) the case of measures "necessary to protect human, animal or plant life or health" (paragraph b); ii) the case of measures "relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption" (paragraph g). But the text of the General Agreement imposes two conditions for accepting the exceptions: measures should not be applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade. GATT specifies that restrictive measures are only justified in cases where environmental "externalities" affect consumers, that is, in cases where the damage is directly linked to the consumption of determined products. This means that a country with high environmental standards can impose the same standards to imports only if these standards are related to consumption. Until the Uruguay Round, restrictions based on processes and production methods (PPMs) were never considered. However, the number of cases in which countries try to restrict the entry of products based on the difference in PPMs is increasing. From the GATT point of view, allowing externalities in production as a justification for restrictive measures would have severe consequences on the international trading system. First, it would open the way for environmental groups and lobbies to effectively influence GATT decisions. Second, it would...
legitimate the discrimination between national and foreign products, precisely what GATT has been trying to avoid since it was created.

I.1.3. The Code of Standards

Another interesting GATT principle from the environmental point of view is the one referring to standards. The Code of Standards was negotiated during the Tokyo Round in the context of the Agreement on Technical Barriers to Trade (TBT). Its objective was to try to reduce the protectionist use of standards, and to compatibilize this concern with the sovereign right of each country to determine the standards that best reflect their social preferences.\footnote{221} Nevertheless, the text of the TBT Agreement allows countries to deviate from international norms in cases such as the protection of human health or safety, animal or plant life, health and the environment, as long as they do not involve the creation of unnecessary barriers to international trade. Indeed, from 1980 to 1990, 211 notifications were made in which environmental protection was invoked to justify divergence of a national technical rule from the international standard.\footnote{222} Here again the question appears of whether the code applies only to products or to processes and production methods (PPMs). According to the GATT, its rules do not permit access to a market to be dependent on the environmental practices and policies of the exporting country in its own territory. However, some countries appear to wish to modify the Code to make it encompass the PPMs in order to restrict the entry of products elaborated according to PPMs not accepted in their territories. An example is the Swiss and Swedish regulations that prohibit chickens to be raised in cages and vetoes the import of chickens raised in these conditions. This type of regulation is not GATT consistent, since the fact of having been raised in cages in no way alters the consumption of chickens. From the liberal point of view, this tendency towards the inclusion of PPMs into the Code appears as dangerous, as it would allow trade measures to be used to impose a harmonization on the basis of environmental standards defined unilaterally.\footnote{223} This would mean that standards

\footnote{221}{Patrick Low and Raed Safadi (1991:34).

\footnote{222}{The reasons evoked include air pollution, noise emissions, water pollution, hazardous substances, waste recycling and disposal, transport of dangerous products, radiation, conservation of endangered species and energy conservation. See the GATT document on Trade and the Environment, Box 5, "Notifications related to the environment under the Agreement on Technical Barriers to Trade" :32.

\footnote{223}{This risk is put forward by World Bank experts. See Patrick Low and Raed Safadi (1991:34).
could be established according to the interests of one powerful country or group of countries, while so far they were defined in the context of multilateral negotiations where, despite the asymmetries in power, each country could participate in the decision-making process.

This is exactly what happened in the most famous trade and environment conflict ever observed - the "tuna-dolphin" case which opposed Mexico and the United States. In this case, won by Mexico, Mexico accused the US of banning the imports of Mexican tuna with the argument that Mexican fishing methods - based on the use of purse seine nets - involved the death of too many dolphins, protected in the United States by the Marine Mammal Protection Act (MMPA). By doing this, the US was actually trying to set its own standards, defined according to national priorities and interests, as the international standards for tuna fishing. This amounted to giving an extra-territorial dimension to US legislation, an almost universal dimension, while in fact this legislation is the result of a political process limited to the territory of the United States. The tension arose from the lack of clarity of the vocabulary of the text of the General Agreement, which did not specify if PPMs should be included into the Code. Yet even if there was an evolution towards the effective inclusion of PPMs, it would be extremely difficult to agree on the criteria to be used to justify the standards established. Moreover, the very status of the Code is ill-defined. Actually, it is a separate agreement applies only to its signatories. For this reason, many Parties see the Code as a simple guide for the application of standards in trade, with no authority to enforce these standards. One of the issues addressed in the Uruguay Round was to transform the code as a basic obligation in GATT.

1.1.4. Unilateral Measures

As long as the issue of the standard harmonization is unsolved, countries increasingly tend to use unilateral measures restricting trade with declared environmental goals. The use of unilateral measures with environmental goals, strongly supported by many environmental groups, has been criticized both by the countries affected by these measures (developing countries in general) and by international economic organizations. According to the GATT, the use of trade measures to compensate differences in environmental standards has negative effects, since it blocks the possibilities of the expansion of "reciprocally beneficial" trade. In
addition, there is no evidence that exporting companies of countries with low environmental standards would modify their norms to adapt to the requirements of importing countries. Such companies could prefer to reorient their exports towards less regulated markets. Finally, these measures would have a stronger impact on exports originating from low-income countries, with possible negative impacts on their capacity to deal with environmental degradation.

Another criticism deals with the fact that these measures do not address the causes of environmental degradation, and have an almost neglectable effect on the situation of the environment. The country affected by such measures can perfectly continue to export its environmentally harmful products to other markets. The real impact of this measure concerns the threat to resources from developing countries, not stimulating them to spend more for environmentally-sound products. In addition, these measures tend to strengthen North-South conflicts on environmental issues, by proving that development - and the trade it generates - and environmental protection are deeply antagonistic and incompatible goals. This image is nowadays being challenged by the liberal "sustainable development" paradigm and by the vision dominating international institutions. The World Bank now asserts that "economic development and environmental management are complementary aspects of the same agenda. Without adequate environmental protection, development will be undermined; without development, environmental protection will fail". 224

1.1.5. Subsidies

GATT opposes the use of subsidies on the ground that they flout the rules of the competitiveness game. The use of subsidies with environmental goals has thus to be GATT compatible. The Subsidies Agreement, also from the Tokyo Round, discourages the use of trade-distorting subsidies, but recognizes the rights of signatories to use subsidies for the "redeployment of industry in order to avoid (...) environmental problems" 225. The practice of subsidies for agriculture, for example, has often been identified as responsible for a large proportion of land degradation. However, during the Uruguay Round, it was suggested that


the use of subsidies directed towards expenses for more environmentally-sound equipment and production processes should not be condemned.

1.1.6. Dumping

Finally, another issue at stake is the possibility of allowing countries to impose compensatory duties for the differences existing between environmental standards, which could be considered as a form of "eco-dumping". The idea is that compensatory duties could be established to offset the "unfair cost advantage" resulting from lower environmental standards. For these tariffs to be acceptable under GATT rules, it should be recognized that the non observance of the environmental standards defined would be equal to granting a subsidy, direct or indirect, to the production or export of a product. This reasoning is supported by many environmental groups who see it as an efficient way to achieve higher environmental standards. But it is controversial for four main reasons. First, accepting the imposition of such duties would imply that the costs of environmental policies can be considered as being the same in all countries, while some observers note that there might be differences in the levels of tolerance and absorption of pollution related to physical factors such as topography and geography. It also has to be recalled that countries have very different levels of pre-existant contamination. Although regional criteria based on the evaluation of average characteristics of the zone could be established, global standards for absorption and contamination would be extremely difficult to agree upon. In addition, not only the levels of absorption and contamination differ from one country to the other: so do environmental priorities and social needs, which cannot be considered as predetermined variables. Second, it would mean that experts in charge of the topic in importing countries could know the optimum level of pollution for the exporting country, the exact amount of environmental costs that have not been internalized for each product, as well as the source of each product in the exporting countries. Third, it would be extremely difficult to legally accuse a company for not complying to a rule that does not exist in its own country. Finally, imposing compensatory duties on environmental grounds would open the way to other claims, such as

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227 These criticisms were put together by Piritta Sorsa (1991:15).
compensating differences in salaries, levels of social protection, children work .... The United States have been trying for several years to include the issue of labour rights into the GATT, as a way of making up for the differences in competitiveness resulting from the low cost of labour in developing countries. As they have not succeeded so far, they usually take unilateral measures such as denying the access to the Generalized System of Preferences (GSP) to some countries that do not respect these rights. This focus on cost differences and on unfair competition resulting from different environmental norms has obviously been used with protectionist goals. As the GATT document specifies, "any move to impose unilaterally special duties on imports of goods and services produced in countries with less strict environmental standards is likely to be very divisive for the multilateral trading system in particular and international relations in general". Since environmental concern is stronger in developed countries, accepting such measures would ultimately exacerbate North-South tensions.

1.2. The GATT and the International System for the Protection of the Environment

Another issue of concern is the compatibility between trade provisions included in multilateral environmental agreements and GATT rules. Of the 127 international environmental agreements negotiated until February 1992 (thus, before UNCED), 17 included trade provisions. Most of them addressed the protection of flora and fauna.

1.2.1. CITES

An example of Multilateral Environmental Agreement (MEA) containing trade provisions is CITES, the Convention on International Trade in Endangered Species of Wild Fauna, of 1973. The Agreement aims at protecting certain species threatened of extinction by excessive exploitation and trade. CITES states that the trade of such species requires export and import permits approved by scientific authorities of the affected Parties (articles 3 and 4). The Convention also specifies that an import permit is necessary for the concession of an export permit.

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229 See GATT (1992:25), Table 14, "Multilateral Environmental Agreements by subject". 
permit, as a way to avoid the elusion of norms and the deflection of trade towards non-signatories countries.

1.2.2. The Basel Convention

The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (1989) prohibits trade in hazardous wastes with non-signatory countries (article 4). It also conditions trade between signatories to the acceptance of the wastes by the receiving country and to the commitment to eliminate wastes in an environmentally-sound manner (article 6). The Convention entered into force in 1992 when 20 countries adhered to it. In 1990, it is estimated that between 300 and 400 millions of tons of hazardous wastes were produced in the world. Of these, 98% were produced in industrialized countries and a large proportion was traded.230

1.2.3. The Montreal Protocol

Finally, the Montreal Protocol on Substances that Deplete the Ozone Layer (1987) aims at limiting and eliminating these substances. Its trade provisions affect non-Parties only. It stipulates that Parties are to ban imports and exports of controlled substances, as well as the export of relevant technologies to non-Parties.

Neither the Basel Convention nor the Montreal Protocol are compatible with GATT rules. GATT law allows the prohibition of internal sale of a product as long as this prohibition applies uniformly to all countries. However, in the case of these two MEAs, discriminatory trade measures are applied against countries that do not participate into the system, which constitutes a potential source of conflict with article 3 of the General Agreement on National Treatment. The issue here is to decide whether these discriminatory measures aim at encouraging countries to sign the agreements, or whether they are necessary to achieve the goals of the agreement. GATT contracting parties have not yet determined if these deviations from the principle of non-discrimination can be justified in virtue of the exceptions under
article XX. Until 1994, no challenge had been brought under the dispute settlement provisions of the GATT against trade measures applied in the context of an MEA.  

Several approaches have been suggested to deal with the potential tensions between trade provisions in MEAs and GATT principles. The first one would be to resort to the waivers provisions contained in Article XXV; this would provide a measured, case-by-case response to problems. The second approach would be to define the conditions for the use of trade measures in the context of an MEA. This approach has been described as creating an "environmental window" in the GATT. It would involve a collective interpretation by the GATT contracting parties of the exceptions foreseen by Article XX. This approach should clarify the notions of "necessity" and "proportionality" often referred to in this context. For a trade provision to be accepted, it should be recognized as "necessary". A rule could be that trade measures might be considered as an accompaniment to environmental policy measures only if the latter do not suffice to realize a specific environmental objective. Others see "necessity" as related to the use of the least trade-restrictive or distortive measure available to ensure that the environmental objective is met. This discussion is still in at an early stage, but it has generated, and it still is, considerable opposition. In general, discussions on trade and environment have been dominated by a North-South divide, which was present during the Uruguay Round and is still present today within the WTO context. According to World Bank analysts, developing countries have an interest in maintaining the multilateral dynamics of GATT, in which they can participate, and in clarifying GATT/WTO law related to the environment. This would protect them from the use of protectionist measures with environmental goals, strengthen the respect of sovereignty in trade relations and move the focus from the use of trade sanctions to the search of cooperative negotiated solutions.  

In this vision, environmental issues should not be addressed in an institution primarily concerned with trade, since the source of environmental problems does not lie in trade itself but in the need to internalize the environmental costs in products’ prices. This is the position developing countries have adopted in negotiations, on the basis that GATT, and now the WTO, is not the "adequate forum" for discussing environmental issues. GATT/WTO discourse


232 See Patita Sorsa (1991:3).
actually supports this position. It criticizes the use of discriminatory measures against developing countries' products on environmental grounds and opposes developed countries' protectionist agricultural practices. It discourages the use of trade sanctions and defends negotiated solutions. Yet trade measures are increasingly considered as effective policy instruments by developed countries. The United States, during UNCED, declared that "trade measures can constitute an effective and appropriate mean to address environmental concerns, including (...) concerns over environmental problems outside national jurisdiction". Pressures coming from developed countries such as the US and the EU and from environmental groups attempted to modify the consensus on the need to keep GATT and now the WTO as a forum based primarily on multilateralism and to "green the GATT".

I.3. Post-Uruguay Round Developments

I.3.1. The World Trade Organization and the Committee on Trade and Environment

The relationship between trade measures and environmental measures was not a separate subject for negotiations during the Uruguay Round. However, environmental concerns were addressed in several related multilateral trade agreements. The main outcome of the Uruguay Round, the World Trade Organization, established on 1 January 1995, incorporates the GATT, which was only a provisional agreement, into a real treaty. The new organization stands as an actor similar to the International Monetary Fund and the World Bank in the international economic arena, in a tripartite structure as planned by the Havana Charter. The text of the WTO agreement does not refer to environmental protection as an explicit objective, nor does it address the relationship between trade and the environment. However, it does include, for the first time in the context of the multilateral trading system, reference to the objective

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234 For a full account of environmental issues in GATT, see Daniel C. Esty (1994) Greening the GATT: Trade, Environment, and the Future. Washington DC, Institute of International Economics. Esty's book is a useful reference on GATT law, trade measures and multilateral environmental agreements. Yet I do not subscribe to Esty's argument is that there is theoretical consistency between environmentalist and free market principles and that there is nothing in GATT that will have long-term negative impacts on the environment.

235 As of December 1996, 128 countries are members of the WTO, and 28 are in the process of acceding.
of sustainable development.\textsuperscript{236} Besides, the WTO established the Committee on Trade and Environment, open to all members, which should report to the first biennial meeting of the Ministerial Conference after the entry into force of the WTO, on the relationship between trade and the environment in a comprehensive way.\textsuperscript{237} In addition, the specific agreements signed under the Uruguay Round also contain environmental implications. The Agreement on Technical Barriers to Trade (TBT) recognizes that countries should not be prevented from taking measures necessary to protect human, animal, and plant life or health or the environment, and to set the level of protection judged appropriate. It does not require countries to harmonize their domestic regulations and standards as a result of international standardization activities. Environmental protection is considered as a "legitimate objective" that justifies technical regulations having trade-restrictive effects. In certain cases, it allows domestic considerations of environmental protection to prevail over international standards. The Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) recognizes the right of governments to take measures to protect animal, vegetal and human health, including through trade restrictions, but only to the extent necessary for health protection, and in a non-discriminatory manner. The Agreement on Agriculture reduces incentives for intensive farming in areas ill-suited to that activity. It also reduces production-linked agricultural subsidies. The Agreement on Subsidies and Countervailing Measures identifies non-actionable subsidies on which countervailing duties cannot be applied. The Agreement on Trade-Related Intellectual Property Rights (TRIPS) encourages better access to new technology and excludes from patentability some plants and animals in order "to avoid serious prejudice to the environment". In some cases, the overall social goal of protecting the environment prevails over the individual property of the inventor. Finally, the General

\textsuperscript{236} The Preamble of the Agreement says: "Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development".

\textsuperscript{237} The purpose of the CTE is to "identify the relationship between trade measures and environmental measures in order to promote sustainable development", and "to make appropriate recommendations on whether any modifications of the provisions of the multilateral trading system are required, compatible with the open, equitable and non-discriminatory nature of the system". Multilateral Trade Negotiations, Uruguay Round, Decision on Trade and the Environment. Communication from the Chairman. UR-94-0085.
Agreement on Trade in Services (GATS), modelled after article XX of the GATT, also contains some environmental provisions.\textsuperscript{238}

I.3.2. Lack of Progress Within the WTO and its CTE

This one vague reference to environmental objectives in WTO's statutes has been heavily criticized by environmental groups. NGOs regretted that WTO did not amend GATT's article XX on exceptions, and that it did not allow for trade restrictions on the base of anti-ecological processes and production methods (PPMs). They also criticize the fact that the WTO requires nations to yield part of their sovereignty on local and national issues in the benefit of the agency. Indeed, article 8 of the Final Act of the Uruguay Round states that the WTO has "legal personality" and that it "shall be accorded by each of its Members such privileges and immunities as are necessary for the exercise of its functions". In practice, this can amount to subordinating national environmental standards to WTO trade rules. For the NGO WWF, the WTO is incompatible with the goal of sustainable development since it institutionalizes the primacy of free trade over environmental protection and justifies the non-compliance to high environmental standards on the ground that they represent non-tariff barriers to trade.\textsuperscript{239} Recently, at the December 1996 Singapore Ministerial Meeting of the WTO, it was generally recognized that the CTE had made no significant recommendations for environmental reform in the WTO. Observers noted that environment was a "non-issue" during this first Ministerial Conference, illustrating well the CTE's lack of progress in its first two years. NGOs have criticized the CTE's limited results as a failure, and both NGOs and officials complained on the lack of progress on the two issues that CTE spent most time discussing: eco-labelling and trade measures in multilateral environmental agreements (MEAs). The conclusions reached by the CTE seem to suggest that the environment will remain a peripheral issue in the WTO.\textsuperscript{240} This is why an organization such as Friends of the Earth International (FoEI) is lobbying for CTE's immediate closure and its replacement

\textsuperscript{238} This paragraph on environmental measures in GATT-related agreements is based on Winfried Lang (1994:16-7).


\textsuperscript{240} Comments based on Sustainable Developments vol. 3 n° 6, December 1996 :8.
with a new, independent Intergovernmental Panel on Trade, Environment and Sustainability, in an effort to take the trade and environment debate out of the WTO. FoEI believes that the CTE "has singularly failed to make a useful contribution to the trade and environment debate so far and could pose a threat to environmental protection in the future."  

In short, several WTO rules present risks from an environmental point of view. First, by restringing national sovereignty in trade policies, WTO limits the right of each country to apply the environmental measures they consider as most adequate, making it difficult for countries to prohibit imports of goods produced through production methods considered as harmful for the environment. WTO rules also limit the right to impose countervailing duties to products coming from countries with lower environmental standards, which would force these countries to adopt higher standards. The WTO can also block the efficiency of international environmental agreements, since it prohibits the use of discriminatory trade measures. And, as has been noted, CITES, the Montreal Protocole and the Basel Convention include discriminatory trade measures against non-signatories as ways to achieve their goals. In addition, by establishing criteria for sanitary and phytosanitary measures, WTO has a direct influence on standards of health, safety and environmental protection, which, in a democratic framework, should be decided according to moral, cultural, economic and political factors of each country. The WTO is a closed institution, lacking participation and transparency, there is no openness to civil society input to WTO processes. The WTO does not permit NGOs into CTE meetings, while favoring the access of business organizations. Finally, as observed by the IIISD, the WTO "remains an elite-driven club governed by the rich and powerful". It addresses the environmental issues of concern to the developed countries, contributing to extend their domination on world trade, while neglecting topics such as developing countries market access, in particular for agriculture and textiles.  

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241 Friends of the Earth International. 'A Call to Close the Committee on Trade and Environment: a Briefing on the World Trade Organization's Committee on Trade and Environment'. Amsterdam, FoEI, November 1996.

242 An effort was undertaken recently with the July 1996 decision of the General Council on Guidelines for Arrangements with NGOs, which opened the ground for the organization of a 'WTO Symposium on Trade, Environment and Sustainable Development' (Geneva, 20-21 May 1997). Participants from over 70 NGOs representing business, environment, development and consumer organizations presented their views on the WTO and engaged in discussions with Members of the CTE. The Symposium, which could be the first of a number of such informal sessions tied to CTE meetings, was considered as a success, as for the first time, there was actual interaction between NGOs and member States. See Sustainable Developments, vol. 5, n°1, 26 May 1997.

and environment, the WTO focuses on products, and on how natural resources are used to produce them, but neglects the important question of the volume of production and of resources used for this production. This perspective favors developed countries such as the US, who, though responsible for far more pollution and using and depleting far more natural resources than poor countries, are able to produce with a lower pollution output per unit GNP and to appear as "greener". The question of the level on which environmental measures should be harmonized is thus a very political and sensitive topic. Recent years have witnessed an important evolution in trade discussions. With globalization and trade liberalization, there has been a shift from the focus on tariffs which dominated the GATT era to a more comprehensive approach that addresses wide-ranging elements of domestic policy related to trade, such as rules for environment, investment and intellectual property. This evolution reflects developed countries' interests in protecting their firms' competitiveness from cheap products originating from developing countries. As globalization progresses, the international trading system will likely suffer more transformations in response the competitiveness battle.

II. Forests in the International Political Economy: Agreements and Reforms in the Trade and Finance Sectors

II.1. Deforestation and Tropical Timber Trade

II.1.1. Magnitude, Characteristics and Environmental Effects of Tropical Timber Trade

International trade in timber and in forest products plays an important role in deforestation and in the loss of species and ecosystems. Tropical timber regulation is then a potential instrument to promote tropical forest protection. Yet forest protection is often in tension with some tropical states' immediate interests. In many developing countries, forests are the only source of new agricultural land. Moreover, forest products are economically important to developing countries for three major reasons: as earners of foreign exchange, as a contribution

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244 On this issue, see the report by Friends of the Earth International (FoEI), based on the results of the "North-South Project" which included groups from Indonesia, Ghana, Uruguay, Georgia, India, Senegal, Nigeria and Brazil. The report notes that, while rich countries have high resource use per capita and low pollution per GNP due to high environmental standards, the opposite is true for poor countries: low resource use per capita and relatively high pollution per unit GNP. FoEI (1997) Sustainable Consumption: a Global Challenge. Amsterdam, FoEI.

De Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil European University Institute DOI: 10.2870/73863
to GNP and as a source of employment. In 1990, most of tropical timber exports (82.2%) originated from Asia, particularly from Malaysia and Indonesia, which account for about two thirds of tropical timber exports. Asia is also the largest importer (specially China, Japan and South Korea). The dominant pattern in tropical timber trade is from Southeast Asian producing regions to East Asian import markets. In 1990, tropical timber trade accounted for 1.6% of the total value of non-oil merchandise exports of developing countries in 1990 (decreasing from 2% in 1980). Regionally, exports of tropical wood products represent 4% in terms of value of total exports of all products in Asia, 3% in Africa, and 1.5% in Latin America. But for some countries like Malaysia and Indonesia, the trading of tropical timber and its by products is of far greater strategic importance. In Malaysia for example, logging makes up 8 % of the country’s GNP, and represents 13 % of the overall export returns. The exploitation of forests accounts for almost 40% of the national income. In the Central African Republic, tropical timber products represent 21% of the export earnings.245

Table 4.2. Economic Weight of Timber Extraction

<table>
<thead>
<tr>
<th></th>
<th>Brazil</th>
<th>Cameroon</th>
<th>Indonesia</th>
<th>Malaysia</th>
</tr>
</thead>
<tbody>
<tr>
<td>% GNP</td>
<td>4</td>
<td>8</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>% Exports</td>
<td>4-5</td>
<td>11</td>
<td>16.3</td>
<td>13</td>
</tr>
<tr>
<td>Jobs '000</td>
<td>234</td>
<td>9</td>
<td>478</td>
<td>&gt;100</td>
</tr>
</tbody>
</table>


Tropical timber trade, as stressed by Barbier, can lead not only to a decline in standing timber stocks, but also to wider environmental effects, including the loss of other consumptive uses (harvesting and hunting forest resources, recreational uses), of ecological functions (watershed protection, carbon storage, and microclimatic roles) and of other non-consumptive values.

245 For a detailed analysis of the economic linkages between tropical timber trade and forest degradation see Edward B. Barbier et al (1994).
(ecotourism, genetic resource and existence values) of the forest. International timber trade can thus affect the environment both directly through the removal of trees and other damage incurred to surrounding forest during timber extraction, and indirectly through opening up and improving access to the forests which then impacts on other socio-economic factors which may degrade the environment. And although the data on the direct impact of timber trade on the environment often differs a lot from one source to the other, Barbier believes that "they suggest that current levels of timber extraction in tropical forests - both open and closed - exceeds the rate of reafforestation", and that "the level of timber extraction and forest depletion arising from commercial logging and trade is greater than what is deemed optimal from a social, and indeed perhaps even a global, point of view".246

II.1.2. The Effects of the Uruguay Round on Forest Products Trade

Despite evidence that current deforestation patterns are excessive and are encouraged by unsustainable patterns of trade in timber and in forest products in general, recent developments in the international trading system are likely to favor the further expansion of trade and subsequently to feed deforestation levels. It is worth taking a brief look at the implications of the Uruguay Round Agreement signed in Marakesh in April 1994 for the situation of tropical forests. It is estimated that the Uruguay Round has made significant progress to improve market access for forest products especially in terms of reducing tariffs for all types of forest products.247 The Agreement encompassed tariff elimination on pulp and paper items by major importers, a 50% tariff reduction on solid wood products by major developed country importers, and a commitment to eliminate completely tariffs on furniture in the future, and to reduce tariffs for solid wood products, furniture and forest product imports in general. The Intergovernmental Panel on Forests (IPF) notes that, although tariffs were not eliminated for all forest products, the effects of the Uruguay Round for trade in


Chapter IV. The International Forest Regime

forest products were very favorable compared to other products.\footnote{248} A second contribution of the Uruguay Round has been to further reduce the degree of tariff escalation faced by forest products in developed country markets.

As far as non-tariff barriers are concerned, the implications are less clear, but both the SPS (Application of Sanitary and Phytosanitary Measures) and the TBT (Technical Barriers to Trade) Special Agreements signed in Marakesh could provide the basis for tackling certain non-tariff measures that have been used as trade barriers against forest products. Other provisions of the Uruguay Round include limitations and clarifications on the use of antidumping and countervailing duties, customs valuation and licensing procedures, and market access restrictions, which could help reduce barriers to trade in forest products. As a result of all these measures and provisions, it has been estimated that the total trade effect of the Uruguay Round tariff change on selected forest products may range from US$ 340 to US$ 472 million in key developed and developing country markets.\footnote{249} Finally, beyond gains in terms of forest products trade, the Uruguay Round’s commitment to reduce forest product tariff rates in major markets makes it unlikely that tariff rates will be increased unilaterally. This should allow for a continued expansion in forest products trade.

II.1.3 Environmental Trade Measures and Tropical Timber

The recognition of timber trade’s role in deforestation has led a number of governments and several NGOs to target it as a means of curbing deforestation. For example, both Austrian and the Netherlands have attempted to use trade boycotts to forbid the entry of tropical timber in their territories.\footnote{250} In 1990, the Austrian parliament passed legislation requiring all products made of tropical wood entering the country to adapt to a mandatory labeling scheme (a trade-weighted basis forest products will have the highest percentage of all imports (85%) without duty in developed country import markets, almost double the proportion of imports of all other industrial goods that have zero tariffs. See United Nations (1996) IPF Report.\footnote{249} The IPF’s Secretary Report notes, however, that these impacts amount to only 0.4% of total 1991 forest products imports in the markets analyzed. While real trade gains from tariff changes are considered as positive and significant, they may not have a substantial impact on global forest products trade. Uruguay Round’s gains in terms of trade are limited by the fact that pre-Uruguay tariff rates for most forest products in importing markets were already very low. UNCSD (1996:9).\footnote{250} The following paragraph draws partly from Gareth Porter and Janet Welsh Brown (1996:35-6), and from interviews at the Dutch Ministry of Foreign Affairs (August 1994).}
Chapter IV. The International Forest Regime

voluntary program of labeling sustainably managed timber), and established a 70% customs duty on all tropical timber imports, with the import tariffs to be used to fund rain forest protection projects in tropical countries. As a result, Malaysia and Indonesia attacked Austria at the GATT Council meeting in November 1992, arguing that the legislation violated GATT principles, it had extra-territorial effects, it was discriminatory (it applied only to tropical timber rather than to all kinds of timber), and it had protectionist goals (timber is an important source of revenue for Austria, accounting for 8% of its export earnings). The threat of a boycott of Austrian products by all ASEAN states made Austria drop both the import tariff and the mandatory labelling scheme. The Netherlands tried a different approach adopting a Framework Agreement on Tropical Timber in June 1993. The goal of the agreement, "to achieve a situation in which, by the end of 1995, the trade in tropical timber for the Dutch market will consist solely of sustainably produced timber".\textsuperscript{251} The Agreement practically implies a unilateral import ban on non-sustainably produced timber in 1993, intended to become effective in 1995, despite evidence that the ban was unlawful under GATT, as it applied to tropical timber only. In the end, after the new ITTA failed to establish binding criteria for sustainable forest management, the Netherlands withdrew from its decision. Still, the policy had some important results. After Japan, the Netherlands had the highest per capita consumption of tropical hardwood in the world, and it is estimated that about 3.4% of all exports of tropical hardwood reached the Dutch market, which is a relatively high share of the global market (about 25% was re-exported). The launching of the Dutch policy on tropical timber and the growing awareness among Dutch citizens of the extent of tropical deforestation have resulted in a 28% drop in tropical wood imports to the Netherlands in 1994, following a 10% drop in 1993.\textsuperscript{252} Dutch NGOs have played a major role in awareness raising and in lobbying the government. For example, Friends of the Earth Netherlands succeeded in getting 60% of the Dutch municipal governments to pass laws banning the use of tropical timber in municipal projects. In general, Non-Governmental Organizations have been particularly active in developing alternative mechanisms to influence global forest management and in forcing

\textsuperscript{251} The agreement states that "developing the Netherlands' marketplace into a 'demonstration area' is the best way to contribute to current international efforts aimed at establishing optimum linkages between the trade in tropical timber and the achievement of sustainable forest management". See Government of the Netherlands. "Netherlands Framework Agreement on Tropical Timber". The Hague, 25 June 1993.


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tropical states to adopt measures to halt forest depletion. Consumer boycotts have been a popular instrument to influence policies towards tropical forests. A well-known case of boycotting was that organized by the Rainforest Action Network and Greenpeace against the "hamburger connection". Having learnt that the fast-food chain Burger King imported meat from Costa Rica, where the conversion of rainforest into cattle pasture had considerably diminished the total forested area of the country, the two NGOs launched a boycott of Burger King's hamburgers in 1987 in order to persuade the chain not to buy beef from any tropical rainforest country.253

The issue is also being discussed at the European Union level. In 1989, a regulation known as the Muntingh Proposal was adopted by the European Parliament, proposing the introduction of a comprehensive system of controls over imported tropical hardwoods, which would involve some form of import licenses issued in accordance with annual quotas. Such quotas would be negotiated with trade partners among the producing countries in relation to Forest Management and Conservation Plans to be prepared in those countries. Non-compliance with the guidelines set by the Plans would result in a total ban on import of timber.254 Although the motion was not adopted by the European Community at that time, the issue is still on the agenda. In the context of the renegotiation of the International Tropical Timber Agreement, some European Parliament members suggested again that they should "develop a system for controlling the imports of environmentally-destructive timber", and subject to "strict licensing controls" the import of rare or endangered species of tropical timber.255 In general, measures such as bans, unilateral trade restrictions and boycotts are very controversial. A study of the World Bank shows that an import ban on timber would assign a lower value to standing forests and encourage less careful management of the resource, providing greater incentives to convert forest land to other uses. Indeed, standing forests would appear as less competitive against alternative uses such as agriculture. The study also shows that restriction on log

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exports encourages wasteful processing of logs. In addition, unless the Asian importers adopt the same policies as European countries or the US, countries affected by bans can divert their export markets and expand their exports to Asian or Middle-Eastern countries. While bans and boycotts are appealing to consumers frustrated by lack of intergovernmental progress on the issue of tropical deforestation and convinced that they can influence the world through their buying habits, their environmental effects are thus negligible as they do not reduce the overall demand for tropical timber.256

II.1.4. The International Tropical Timber Organization (ITTO)

The International Tropical Timber Agreement (ITTA), first negotiated in 1983 under the auspices of UNCTAD, is the first commodity agreement with an explicit environmental mandate. It aimed at "offering an efficient framework for cooperation and consultations between producing countries and consuming countries in all aspects relevant to the economy of tropical timber".257 The International Tropical Timber Organization (ITTO) was then established in 1985 in order to implement and monitor the decisions taken by the ITTA.258 Through consultation and cooperation between importers and exporters, ITTO aims at improving market information and thus at discouraging over-harvesting and deforestation. ITTA was originally negotiated as a commodity agreement, and ITTO as a commodity organization similar to the coffee organization, for example. However, with the increasing rate of deforestation and the growing concern for forests preservation, the environmental aspect has begun to deserve more importance. ITTO now declares that its goal is one of "a combined objective of development and conservation of forests, an equal forum for both producing and


257 In UNCTAD's Resolution 94 (IV) dated May 30 1976, UNCTAD's Secretary General called for Preparatory Meetings in view of launching international negotiations on certain products. Following this resolution, six preparatory meetings were held on tropical timber between May 1977 and June 1982. In March 1983, the Secretary General of UNCTAD convened the United Nations Conference on Tropical Timber, which was concluded in November 1983 by the establishment of the International Tropical Timber Agreement. See United Nations (1984) The International Tropical Timber Agreement of 1983. New York.

258 The ITTO, established in Yokohama, comprises 22 developing producing countries responsible for over 70% of the global tropical forests, and 24 consuming states. It accounts for over 95% of the international trade in tropical timber, and it is based on the principle of unrestricted trade. It was established by the United Nations, but it is in fact an inter-state forum outside the UN system.

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DOI: 10.2870/73863
consuming countries and a forum opened to the contributions of NGOs, industry and trade. More recently, ITTO has developed a strategy for encouraging member countries to move towards sustainable management of tropical forests. It first issued the Guidelines for the Sustainable Management of Natural Tropical Forests in 1990, and then the Criteria for the Measurement of Sustainable Forest Management in 1992. More specifically, its target is that by the year 2000 all exports of tropical timber should come from sustainably managed resources, under the heading of "Year 2000 Objective."

The text of the new International Tropical Timber Agreement - replacing the 1983 Agreement - which was adopted in January 1994 in Geneva, has now been ratified. The negotiations of the new agreement were dominated by three broad issues: first, the scope of the agreement. Producing states were in favor of a broadening of the agreement so as to encompass all types of forests and timbers, and argued that conservation strategies and trade limitation rules should be equally applied to tropical and temperate timber. Second, producing countries wanted to link their commitment to the Target 2000 to the provision of new financial resources on the one hand and to the consumer states’ commitment to attain this target for their own forests, on the other hand. Third, producing countries insisted on the reaffirmation of the principle of non-discrimination and on condemning the use of measures which restrict or ban international trading in timber and timber products. The results of the negotiation process were unsatisfactory for both sides. The scope of the agreement was not broadened, only the statistical coverage was extended to all timbers. The Agreement includes language of the Year 2000 objective, but only under the form of a non-binding consumer commitment. Finally, a fund was established to assist in achieving the year 2000 Objective, the Bali Partnership Fund. But even in its new and broader version, the ITTA is still often considered as not being the appropriate forum for dealing with forest issues. It is a trade agreement, and therefore not appropriate to deal with issues of public good such as environmental protection.

259 ITTO (1990) 'Plan of Action of the ITTO: Criteria and Priorities for the Elaboration of Programs and the Work Related to Projects'. ITTO, 9th Sessions, Yokahama, 16-23 November :1. The very text of the 1983 ITTA explicitly included environmental goals, as for example in the Preamble: "Recognizing the importance of, and the need for, proper and effective conservation and development of tropical forests with a view of ensuring their optimum utilization while maintaining ecological balance of the regions concerned and of the biosphere".

260 Food and Agriculture Organization (FAO) (1993:105-6).

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The recent discussion on the inclusion of environmental regulations in the Uruguay Round of the GATT negotiations has already highlighted the complexity of the links between trade and the environment, and the difficulty of addressing this link in a purely trade-oriented perspective. The main problem with ITTO is that it has failed to provide mechanisms for resolving conflicts of interests between consumer and producer countries. More specifically, it has failed to address the trade-related objectives of ITTA linked to the structural conditions of trade such as the diversification and increasing processing in tropical countries. The issue of pricing has also remained off the agenda. ITTO appears as a political organization which follows the interests of importer countries, and especially those of Japan, host country for ITTO and main funder of its projects. Concerns of the logging industry override compliance with the ITTA itself. Today, ITTO appears as a very paradoxical organization: while it is a commodity organization, it devotes itself to matters of sustainability and conservation, which it is unable to implement. Yet it also fails to achieve its trade and industry objectives. As stressed by Humphreys, while central to ITTO's mandate, tropical forest conservation has not been allowed to challenge the sovereignty of producer members over their forests, to interfere with free trade or to prevent forests' exploitation for timber products.262 Finally, ITTA does not really address the needs of forest people, local communities, dwellers and indigenous population who depend on forests for their livelihoods. Though decisions taken at the ITTO affect these populations' lifestyles, they have no voice and are not allowed participation in decision-making processes. The social dimensions of tropical forest management are not properly addressed.263

In addition, even if one adopts the narrow perspective of focusing solely on states' interests and trade, the ITTO cannot be considered as an effective organization. Trade regulation in general fails to articulate affirmative state duties for protecting ecosystems. Within the framework of the ITTA, conflicts about the allocation of the costs and benefits of forest

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263 Recently, some effort have been undertaken to stress the social dimension of the ITTO and to pay more attention to local communities. An issue of its newsletter focuses on "community forestry" and recommends the adoption of 'bottom-up' decision-making. It also asserts that "local people are playing an increasing role in ITTO projects in the neotropics", especially in Latin America. See *Tropical Forest Update* vol. 4 n° 4, September 1994 :3. For examples of ITTO projects, see the Brazilian case described in Chapter 8.

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conservation have not been properly addressed so far. Yet the issue of how to allocate the costs of forest conservation is crucial, since an efficient solution can only be reached if fairness is applied in both costs and benefits of forest protection. In the case of forests, it is extremely difficult to define concepts of wealth, and the exact value gained or lost from forest conservation, as well as cash equivalents for the parties. However, it is clear that an agreement should meet the needs and preferences of both tropical and industrialized states. The ineffectiveness of an organization such as the International Tropical Timber Organization (ITTO) is partly due to conflicts arising between producing and consuming states about the allocation of costs and benefits of forest conservation. The tropical states argue that they bear the costs of conservation and restrictions on development while consumer states enjoy the benefits of climate stabilization and other tropical forest amenities.\footnote{Michael Saunders (1991:887).} The large regulatory costs involved in forest conservation and the uneven distribution of environmental and economic costs and benefits undermine the perceptions of fairness. Each state tends to define standards of fairness in accordance with its own immediate interests. To conclude, as underlined by Porter and Brown, "the politics of the International Tropical Timber Agreement demonstrates that an organization devoted primarily to expanding trade is unlikely to make serious commitments to sustainable development".\footnote{Gareth Porter and Janeth Welsh Brown (1996:138).} Still, although it does seem to be the most appropriate forum for coordinating the move towards a more sustainable management of forests, the ITTO is the only existing institution dealing with the issue of forest management and conservation at a global level.

II.1.5. Timber Certification Initiatives

The recent years have seen the multiplication of other initiatives based on the use of economic instruments to try to move towards more sustainable forest management. This evolution is parallel to the more general process of "greening production", and of the development of "green markets" through eco-labelling and certification programs. In this context, the European Union, for example, has developed an eco-labelling scheme, the "EU Eco-Label Award Scheme". The core objectives of the scheme are to promote products which
have a reduced environmental impact during their entire life cycle and to provide consumers with better information of the environmental impact of products.\textsuperscript{266} This trend is considered as being more effective than unilateral measures such as bans, and is more consistent with the laws on the multilateral trading system. Indeed, GATT's principles prevent discrimination between like products produced by different processes, but not compulsory labelling to provide consumers with information on the origins of the product. According to Barbier et al, "certification" refers to three different concepts: product labelling (labelling all products that include tropical wood with a label indicating whether or not it is sustainably produced), concessions certification (certifying all the timber produced by a specific concession to be 'sustainably produced'), and country certification (certifying all timber products from a country comply with an internationally agreed sustainability objective).\textsuperscript{267}

Recently, the issue of timber certification has attracted much international attention, with several proposals and criterias suggested by all sorts of institutions. Compared to bans and boycotts, which are market interventions aimed at discouraging unsustainable practices, timber certification appears as a positive incentive to promote sustainable forest management through the establishment of "good wood" programs. Also, despite the concern that certification might act as a non-tariff barrier to trade and that it might violate the principle of non-discrimination, it does not generally violate WTO rule, as certification is often carried out on a voluntary basis. As noted by a FAO forestry analyst, "in general there do not appear to be major legal international trade impediments concerning the development and implementation of certification schemes as long as they meet the basic GATT/WTO conditions".\textsuperscript{268} The main criteria used in certification programs is the concept of "sustained yield", which refers to the issue of how much a forest can support without significantly disturbing its biodiversity, meaning that the harvesting should not exceed the forest's growth rate.\textsuperscript{269} There have been many efforts to develop an independent international certification scheme for sustainable forest management, of which one of the most significative has been the creation of the Forest


\textsuperscript{268} L.J. Bourke (1996) 'The Uruguay Round Results - an Overview'. In Tropical Forest Update vol. 6 n °2, 1996/2 :14-5.

\textsuperscript{269} Varangis, Primo Braga and Takeuchi (1993:20).
Stewardship Council (FSC). FSC, established in 1993 and based in Mexico, is an international NGO coalition set up to accredit timber certification programs at the national level. Its accreditation plan is based upon conformity with a set of 'Principles of Good Forest Management'. FSC aims at becoming a "certifier of the certifier", providing an independent verification of the sustainability of forest management practices worldwide. It seeks to assure that forest products, including timber, are "environmental benign and socially acceptable", including concern for the equitable distribution of the socio-economic benefits of production and for the inclusion of local populations in decision-making on activities that affect them. This illustrates a recent tendency of certification programs to show more concern with social as well as with ecological sustainability, developing criteria on local participation in project planning, employment generation and profit sharing.

Today, there is a proliferation of certification programs based upon varying criteria and self-verification techniques, often of doubtful veracity. A 1992 survey in Britain revealed that "virtually all green claims made by British timber traders and DIY superstores about their tropical timbers are misleading and unsubstantiated". While certification has gained recognition from the parties involved and is considered as a marketing strategy, its implementation is still in its infancy and its impacts on trade flows is still negligible. In addition, according to the WRI, there are several obstacles to be overcome before the certification movement really affects mainstream trade in tropical timber. First, producers must be willing and able to subscribe to certification, second, producers' access to markets in which revenues will be high enough to cover the added expense must be ensured; third, land tenure of production unit must be secured; fourth, a favorable policy environment for timber production in the producing country should be developed, in the form of the establishment of a permanent forest estate with designated timber production areas; fifth, certified products must be trackable from source to markets; and finally, a credible and capable institution must be designated to standardize certification and to set monitoring

270 Other well-known certification schemes have been developed by the Rainforest Alliance ("Smart Wood" program), the Institute for Sustainable Forestry ("Pacific Certified Ecological Forest Products"), and the Scientific Certification Systems ("Green Cross").

271 Article by David Pearce, quoted in Johnson and Cabarle (1993:43).

protocols.\textsuperscript{273} Indeed, the issue of who controls the certification process is also very political. In order to ensure that a timber certification plan can be trusted and will meet its goals, the certification mechanisms should be independent from the interests of the producers, but still not dictated exclusively by consumers' preferences. Agreeing on certification norms is thus a long, difficult process. Finally, focusing attention on timber certification can appear as a mere distraction from the more important issues of land ownership or unsustainable agricultural practices, important causes of deforestation which tend to be aggravated by globalization and trade liberalization. Indeed, by concentrating wealth and resources and by promoting export-led agricultural expansion for world markets, trade liberalization appears as a major factor contributing to deforestation, as the case of Brazil will show.

II.2. Finance, Debt and Tropical Forests

The second way in which the forest issue is related to the international political economy is through the effect of international flows of capital. Capital flows, in the form of the entry and exit of financial resources from a country, have a direct effect on the situation of the environment. In particular, the debt crisis, by its magnitude, scope and length, affected some developing countries economies to such an extent that it became a structuring factor and determinant of the feasibility of sustainable policies. For that reason, solutions linking debt and environmental protection were considered by various actors at the international level. But besides attempts to reduce the amount of the debt and to affect the volume of capital leaving the country, there were also efforts to control the effect of the capitals entering the country. This was mostly done through the establishment of conditionalities by the World Bank.

II.2.1. Debt-for-nature Swaps

If patterns of international trade have a significant effect on the situation of the environment and have complex interrelationship with sustainability, this is also the case for finance. From an international political economy perspective, the situation of the environment has to be considered in relation to the structures of the international economic system, and in this sense

\textsuperscript{273} Niels Johnson and Bruce Cabarle (1993:47-8).
it is influenced by financial flows. One aspect which has caught wide attention, especially at the end of the 1980s, is the relationship between debt and sustainable development. The debt burden affecting developing countries has been a major factor contributing to the over-exploitation of natural resources as the need to meet interest payments led indebted countries to promote commodity export production without adequate considerations on environmental impacts. In addition, the broader impact of the debt crisis in terms of increasing unemployment, poverty and social unrest, especially in Latin America, was also not conducive to greater environmental standards.

The recognition of the links between debt and environment led to the idea of debt-for-nature swaps, a type of program which has been undertaken by non-governmental organizations at an international level. Debt-for-nature exchanges or swaps were developed in the mid-1980s as instruments to explore the possibilities for linking additional money for the environment with debt reduction projects in the debtor country. A debt for nature swap is a class of debt-for-equity swaps where debts are bought at discount and exchanged for the debtor government’s commitment to the financing of domestic environmental programs in local currency. The solution was seen as perfect for tropical forest preservation, as in this case, the link between the two issues was very visible: the country with the largest foreign debt in the world, Brazil, also happened to have the largest rainforest in the world, which, at the end of the 1980s, was experiencing alarming deforestation levels. These types of swaps have been carried out in Bolivia, Costa Rica, Ecuador, the Philippines and other countries, and comprise an alliance between a Northern NGO with a local NGO which becomes the direct beneficiary of the operation and is responsible for the use of the amount of debt transferred to develop projects of forest conservation. The debt for nature swap mechanism thus allows the satisfaction of the North’s “green agenda” in a manner which appears as immediately beneficial to developing countries.

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275 A debt-for-equity swap in its turn is a conversion of external debt into some form of equity, such as land, companies or industries. Instead of servicing debts, the debtor transfers ownership of national equity to the creditor. For an explanation of these mechanisms, of their benefits and disadvantages and of their applications, see for example Peter Dogbé and Bernd Von Droste, *Debt-for-nature Exchanges and Biosphere Reserves. Experiences and Potential*. Paris, Unesco, MAB Digest 6, October 1990.

These projects have been the target of many criticisms. For developing countries, they mean accepting the legitimacy of the foreign debt contracted most of the time by authoritarian and dictatorial governments, which is often denied by populations in developing countries. In more concrete terms, the criticisms are as follow: they do not bring in any "new money"; they allow for the transformation of bonds of the foreign debt into bonds of the internal public debt, reducing the losses of the creditors and penalizing the local populations as the result of the fiscal pressure on the State.277 Moreover, these initiatives take place in the absence of any authority vis-à-vis governments and local communities affected by the swaps, thus escaping democratic control. The lack of agreement even amongst NGOs, the non-existence of an "epistemic community" on the issue, and the limited amount of countries participating in the swaps programs have contributed to the scant significance of the mechanism. In the mid-1990s, the debt crisis, though not really solved, does not appear as pressing as in the 1980s, and the flow of private capital to Latin America has shifted attention away from the link between debt and environment.

II.2.2. The World Bank Reform and Forest Policies

Multilateral financial institutions, and in particular the World Bank, are now playing a growing role in global environmental politics. This was not always the case. For decades, the World Bank funded projects without considering their environmental impact. This evolution in World Bank policies in the early 1980s is linked to the changing climate at the international level. As stressed by Nelson, the debt crisis contributed to grant a leading role to both the IMF and the World Bank, and these agencies took on the mission of trying to radically transform policies and practices in poorer countries throughout the world. The approach and tactic developed was the extensive use of conditionality, that is, policy reform requirements attached to fast-disbursing, non-project loans. In 1979, the World Bank introduced a new kind of loan intended to promote broad policy reform, the "structural

277 For a critique of the debt-for-nature swaps mechanisms by environmentalists and Southern NGOs, see Maria Clara Couto Soares, "As desvantagens da Conversão", in Políticas Govenmentais nº71, Rio de Janeiro. Instituto Brasileiro de Análises Sociais e Econômicas (IBASE), Julho/Agosto 1991, and (1992) Debt Swaps, Development and Environment. Rio de Janeiro, IBASE.
adjustment" loans; by the end of the 1980s adjustment loans accounted for more than a quarter of its commitments.\(^{278}\)

In the context of this broadening of the role of the Bank and of the growing practice of conditionalities, environmental NGOs, which had been criticizing the Bank for its poor record on environmental protection, saw an opportunity to use the mechanism of conditionality to promote environmental protection. The idea was that, together with conditions on policy reform, conditions on respect for the situation of the environment could be attached to loans, in this case, to project loans which had a direct impact on the situation of the environment, such as projects involving the construction of dams, roads or power plants. This idea was consistent with the then nascent consensus on sustainable development: the World Bank could promote growth and environmental protection in poor countries, if only a few conditions were respected, and technical criteria were set by the funding agency. The "Greening of the Bank" could begin. In this context, major multilateral institutions, not only the World Bank, but also the IMF and the IBRD, have revised their policies and incorporated environmental considerations. In 1992, the World Bank declared that "working for a better environment" was one of its major policy goals.\(^{279}\) The practices of conditionalities have been systematically opposed by developing countries, who tend to see them as new forms of imperialism, a "green imperialism". The Conference of the Nonaligned Countries held in September 1989 noted "with concern a growing tendency towards external impositions and increased conditionalities on the part of some developed countries in dealing with environmental issues".\(^{280}\) Yet support from a large number of environmental organizations, especially in the United States, helped to institutionalize environmental conditionalities as a legitimate economic instrument contributing to environmental protection.

The World Bank reform involves two major aspects. First, the Bank now attributes more resources to its "environment portfolio". The environment portfolio in its turn is composed


on the one hand of the so-called "green loans", loans for natural resource conservation and environmental agencies strengthening, and on the other hand of "brown loans", environmental components of traditional projects in the area of energy, transportation, health, agriculture and mining. Environmental lending increased as a percentage of total World Bank lending, rising from US$ 2.91 billion (3.1 percent of total lending per year) in the period 1980-1986 to US$ 8.84 billion for the period 1987-1994, where environmental lending averaged 5.2 % of total lending per year.281 Second, the World Bank has included environmental concerns in its internal policies, in the so-called "environmental conditionalities". In addition, institutional changes were carried out in the context of policy reform. With the Bank reorganization in 1987, the environmental staff was increased sevenfold, and a central Environment Department was created. Environment divisions were also created in each of the Bank's four regional offices. The Environment Department has carried out a broad-based training program for the Bank's staff.282 The Bank tried to revert its image as a destructor of the environment. In his speech at the Rio Summit, the then president of the World Bank, Lewis T. Preston, asserted that "like everyone else, we have learned from experience. As a result, we are reinforcing our poverty reduction programs and ensuring that environmental considerations are fully integrated into our economic thinking and lending activities".283 Later, in January 1993, the Bank established a central vice-presidency for environmentally sustainable development (ESD), reflecting a concern to integrate economic, social, technical and ecological dimensions of Bank's activities.

The World Bank was attributed a major role in international environmental politics as core manager of the Global Environment Facility (GEF). The GEF is a financial mechanism set to provide grant and concessional funds to developing countries for projects and activities that aim to protect the environment and promote sustainable development. It addresses four main global environmental problems: global warming, pollution of international waters, biological diversity and depletion of the ozone layer, but also considers as eligible for funding activities


addressing land degradation such as desertification and deforestation as they relate to the four focal areas. The GEF was established in 1991 as a three-year experimental pilot program to provide grant for investment projects, technical assistance and research. Responsibility for implementing the GEF is shared between the United Nations Development Program (UNDP), the United Nations Environment Program (UNEP) and the World Bank, yet the major role goes to the World Bank which administers the Facility, is the trustee of the GEF Trust Fund, and acts as implementing agency responsible for investment projects. As stressed by Porter and Brown, the GEF was a contentious issue from the beginning, and discussion about it dominated much of the finance-related UNCED discussions. Donor countries identified it as the only channel through which they would accept committing new resources for global regimes, while developing countries rejected the idea of the GEF as the sole funding mechanism. The G77 argued that the GEF had been set by industrialized countries without consultation, and that it was to be run by the World Bank, which was controlled by these countries. In the end, the GEF was identified as the funding mechanism for both the Climate Change and the Biodiversity Convention. In 1994, a restructuring of the GEF took place, giving an equal voice in decision-making to developing countries, and making the GEF's secretariat functionally independent from the Bank.

As far as forest policies are concerned, the 1990s also marked a turning point, mirroring the shift in the Bank's overall approach to development. Early Bank lending to the forest sector was primarily destined to forest-based industries and extraction of raw material. Before 1978 lending amounted to only US$ 199 million for seventeen projects. Following the issuance of the 1978 policy paper on forestry, lending grew rapidly, and until 1991 an additional US$ 2.3 billion had been committed for 77 free-standing forestry projects. Yet the Bank's activities in the agricultural and rural development sectors also had an impact on forests. The recognition of the "undesirable effects on the forest resource" of such projects led to the demand to assess these damages in view of a policy reform. A 1991 Report by the Operations Evaluation Department of the World Bank reviewed the Bank's experience in the forest sector

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284 During UNCED negotiations, the G77 proposed a separate fund that would be governed on the basis of one country, one vote. See Porter and Brown (1996:141-2).

from 1949 to 1990, and came to the conclusion that the Bank should adopt a "multisectorial approach" to forests, and, in particular, strengthen its forest sector work and link it to other country economic and sector work, improve the technical performance of its projects, and design social forestry projects with a better understanding of local social dynamics and the motivations of social actors in tree planting and management. As a result, a new forest policy was also launched in 1991. The objectives of this policy include support for international efforts and legal instruments to promote forest conservation, assistance to governments in policy reform and institutional strengthening, creation of additional forest resources, and support for initiatives that preserve intact forest areas. The Bank's new policy differentiates between projects that are environmentally protective or oriented towards small farmers, and all other forestry operations, such as commercial plantations. For the last operations, lending is made conditional on governmental commitment for sustainable and conservation-oriented forestry. The Bank sets five conditions for Bank involvement in such lending operations in the forestry sector: ensuring long-term conservation and sustainable use of forests and promoting participation of local people and the private sector; adopting a comprehensive forest conservation and development plan defining the role and rights of all actors, including government, the private sector and local people; undertaking social, economic and environmental assessments of the forest; setting aside compensatory preservation forests to maintain biodiversity and safeguard the interests of forest dwellers; and establishing the institutional capacity to implement and enforce the above commitments.

Although the shift in World Bank policies is undeniable, there are clear limits to the degree of "greenness" of the Bank. First, the Bank activities have not evolved that much. As stressed by Nielson and Stern, there is a tendency to privilege "brown over green". The reform favors infrastructure and antipollution (brown) projects, which provide discrete benefits, limited both territorially and socially, over conservation (green) projects that provide diffuse benefits to society as a whole, i.e., it favor private over public goods. This is partly due to the fact that institutional incentives reward staff for pushing large infrastructure projects rather than more

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287 This section is based on the policy paper containing the Bank's new forest policy. See World Bank (1991).

De Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil European University Institute DOI: 10.2870/73863
complex resource-management or institution-building projects. Conservation issues thus remain quite marginal. In addition, the core activities of the Bank, adjustment lending and project aid, were not fundamentally affected by the "greening" of the institution. The World Bank continues to fund large dams and conventional power plants instead of alternative energy policies. As stressed by Dore, "in the end, environmental conditionality in project aid proved less significant than the ecological impact of the neo-liberal economic policies that lending agencies fostered". World Bank and IMF policies encourage production methods which tend to favor short-term considerations with immediate profit.

Second, the Bank is not fully implementing its own policy. It often fails to ensure compliance with its own standards defined in its conditionality policy. In 1993, the Bank's involvement in the controversial Sardar Sarovar Dam on the Narvada River in India, for example, was under fire for promoting immense environmental damage and large scale social disruption. In the forest sector, the attempt to revert the destructive practices of the past have not brought encouraging results. The Bank's records in terms of transparency, accountability and participation are still unsatisfactory. World Bank activities are based on top-down approaches and on ignorance of democratic procedures. These practices have been heavily publicized and criticized by observers and environmentalists worldwide. The most interesting critique of the World Bank was developed by Bruce Rich in his Mortgaging the Earth. Rich sees the Bank as a 'Castle of Contradictions', an institution marked intellectually by modernity and instrumental rationality, which has led it to give priority to means rather than ends in development. An example of that was the declarations by a World Bank leading economist, Lawrence Summers, on the benefits of exporting waste and pollution to poor countries, implying that the effects of waste disposal in such countries where a majority of children died before the age of five would not be as bad as in rich, affluent societies...

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289 Elizabeth Dore (1996:10-1).

290 A full example of the Bank's failure to implement its forest policy is given with the case of Brazil's "Panafloro" project developed in Chapter 8.

critique by Mikesell and Williams notes that developing banks such as the World Bank, are banks, and thus can only exert influence and implement policies through loans. Yet loans require repayment and must provide remuneration, and they usually go to governments. Although environmental impact assessments of the loans are necessary and should be undertaken, in the end decisions about loans are economic, and the implementation of the projects is submitted to national political processes. Even if the Bank can partly succeed in avoiding ecological damage, this still does not amount to promoting sustainable development.\textsuperscript{292}

The prospects for the future are uncertain. So far, at the end of the 1990s, the World Bank has widened the scope of its programs and activities and adopted a much broader concept of development, including considerations with environmental protection, the role of women and minorities and poverty. It has also attempted to change the process of project planning and implementation, seeking more transparency and accessibility. Yet there are some indications that the role of the World Bank and in general of international economic institutions is evolving. The amount of public aid, which has been shrinking in the past years, is likely to continue to decrease. On the other hand, private capital is becoming the main agent or at least promotor of policy reform. Nelson believes that "the era of high-profile conditionality is over". For her, in the future, conditionality will play a much more limited role in most countries, and the Bank’s influence will be increasingly channeled through information and knowledge, with an emphasis on data collection and analysis, experimentation and evaluation.\textsuperscript{293} What this means for environmental protection in unclear. Certainly, the Bank will continue to play an important role in the GEF and in lending operations that will always impact on the environment. The shift towards a less assertive position argued by Nelson would in a sense confirm the hegemony of the market-friendly approach to environmental protection, with the decline of the role of public aid and funding and of public mechanisms and the stress on private capital and actors as promoters of sustainable development. Yet in

\textsuperscript{292} See Raymond F. Mikesell and Lawrence F. Williams (1992).

\textsuperscript{293} According to Joan Nelson (1995:20-1), "there must be a shift away from a tutorial relation to which the Bank brings the 'right model' towards a joint search for useful ideas, a problem-solving approach to which the Bank brings information and experience rather than answers".
Chapter IV. The International Forest Regime

the case of the World Bank, such a retraction could, ultimately, be beneficial for the environment, as its capacity to promote sustainable development so far has not been proved.

Finally, to conclude on the insertion of forests in the international political economy, it can be said that the different economic mechanisms and institutions of the international system that deal with forests offer practices and procedures than form the basis and elements of an "informal" international regime. In the area of trade, the rules of the GATT and the WTO, the work of the Committee on Trade and Environment, the International Tropical Timber Organization, and international initiatives to promote timber certification and eco-labelling mould the scope of the interrelationship between trade in forest products and forest protection. In the area of finance, the "Greening" of the World Bank and its new forest policies, as well as initiatives to link foreign debt and forest protection, have redirected finance flows and influenced funding of operations affecting forests. All together, they offer a system of rather stringent "rules of the game" to which tropical forest countries are increasingly bound to consider, and often to comply with, at the risk of having their economic interests affected. All the instruments mentioned above for dealing with the issue of forest conservation and management tend to be controversial and conflictual. They fall into the category of the regime which is not formally negotiated, and which tends to be imposed on tropical states.

III. International Legal Instruments and Institutions for Forest Protection

To be effective, an international regime needs specific institutions to establish procedures and practices, as well as principles and rules. International organizations provide for the procedures of the regimes. The recognition of state interest in forest preservation and management has led to the development of several institutionalized forms of cooperation and regulation that provide for procedures and practices. The issue of forest conservation is addressed in several different legal and institutional fora. I will start by examining actions and programs at the FAO, the UN agency for forests, and then move to consider the main forest instruments which really address the subject at a global level, namely the Rio Forest

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294 See Martin List and Volker Rittberger (1992:90).
III.1. Forestry at FAO (UN Food and Agriculture Organization)

FAO is the United Nations agency responsible for collecting and analyzing information on forests and forests products, as well as the major multilateral agency for technical assistance in forestry to developing countries. Forestry was introduced in the FAO in 1946, one year after its creation. FAO has established two intergovernmental committees, the Commitee on Forestry (COFO) which deals with all forest problems and proposes actions to solve them, and the Commitee on Forest Development in the Tropics, which focuses exclusively upon the production, utilization, and conservation aspects of tropical forests. Through its Forestry Department, FAO is the leading international organization dealing with forestry. The FAO Forestry Department promotes national and international action for the conservation, management and sustainable use of forests, trees and related resources as an integral element of overall socio-economic development and environmental protection. While FAO has existed for more than fifty years, tropical deforestation was not a priority in its agenda until the early 1980s, when increased attention was drawn to the alarming rates of forest depletion. As a result, FAO undertook a major initiative in the area of tropical forest management in 1985, when it sponsored, together with the United Nations Environment Program (UNEP), the World Bank and the World Resources Institute (WRI), the "Tropical Forestry Action Plan" (TFAP). TFAP was presented as a global forest conservation and development program, aimed at increasing financial aid to forests, acting against deforestation and promoting the sustainable use of tropical forests. It layed down guidelines to help countries with tropical forests framing their own national forestry action plans. Countries were asked to draw proposals for their forests in five priority areas: forestry for land use, forest-based industrial development, timber and energy, conservation of tropical forest ecosystems and institutions - and then request financial support from donor countries. The leading role in the coordination
of TFAP was given to FAO. By May 1993, TFAP had the formal participation of 90 countries, representing more than 92% of the world's tropical forest, Brazil excluded.\footnote{See FAO (1993:104).}

The initiative proved rather controversial, with certain countries and a majority of NGOs, including the WRI itself, criticizing TFAP for its "technocratic view", the lack of NGO participation and the lack of involvement of local and indigenous communities.\footnote{In October 1990 the NGO WWF announced its withdrawal from TFAP, and in 1991 the WRI itself stopped its participation in the TFAP process.} TFAP was also seen as a "loggers charter", more concerned with forestry and timber production than with forests, conservation and rural development. The head of FAO's Forestry Department himself recognized that TFAP had not paid enough attention to the root causes of deforestation. Estimations showed that when TFAP started in 1985, about 1.3 million hectares of forests were destroyed every year. In 1990, the figure was estimated at 17 million hectares per year.\footnote{Quoted in the article 'FAO Fails to Tackle Root Causes of Deforestation': \textit{Financial Times} June 29 1990.} As a result of these criticisms on TFAP's top-down approach and its emphasis on commercial forestry, the program was revamped in 1991 and its name changed to 'Tropical Forests Action Program', in an effort to shift emphasis from forestry to forests. Efforts were also undertaken to shift from donor coordination and project activity to a longer-term program emphasizing policy development aimed at the conservation and sustainable development of forests. In addition, TFAP was to be based on greater involvement of NGOs.

After being criticized for TFAP's failure, FAO tried to regain confidence as a major forum to address forest policy issues. FAO started a major reform in 1995 aimed at seeking a better balance between environmental and developmental functions in its programmes. FAO was the task manager in charge of forests for CSD review, and is also playing an important role in providing a forum for convergence of efforts to develop criteria and indicators (C&I) for sustainable forestry. At UNGASS, it tried to be appointed the task manager to chapter 11 of Agenda 21 (on Combatting Deforestation), but failed to get official approval, as it was felt that, as FAO's organizational changes were still recent, it was not the time for FAO to assume expanded new duties. Some observers have expressed concern that FAO has not...
succeeded in building a broad-based consultative mechanism on forestry issues. NGOs are still criticizing FAO for the lack of participation and involvement of local communities and indigenous peoples. In general, it is considered that FAO should concentrate on areas in which it has a comparative advantage thanks to its technical expertise and activities, such as analysis and dissemination of data and information, policy advice, coordination, advocacy and technical assistance.299

III.2. International Legal Principles and Programs on Tropical Forests: From UNCED to UNGASS

International environmental principles address and define common problems and goals: they create standards that guide national law and provide the conceptual framework for international agreements. Models of international environmental liability recognize a state’s sovereign right to exploit its resource, and define a state’s duty to prevent activities within its jurisdiction that cause environmental harm beyond its borders. Even weak agreements have drawn international attention to the issue, creating pressure for compliance and laying the ground for future agreements.300 They can be a source of moral persuasion, and therefore play an important role in paving the way for further developments in given issue areas. Several legal principles deal with environmental conservation at a global level. In the area of forest conservation, there are several important declarations: the Treaty for Amazonian Cooperation (1978), the United Nations World Charter for Nature (1982), the Declaration of the Hague on the Atmosphere (1989), the Amazon Declaration (1989), and the Declaration from the Paris Economic Summit (1989), among others. These documents call for solutions to the problem of forest conservation and lay down principles and guidelines for dealing with forests at a global level. However, the most important document on forests emerged in 1992 from the United Nations Conference on Environment and Development. UNCED addressed the issue of forests in two main documents, the "Forest Principles" and the Forest Chapter of Agenda 21.


Chapter IV. The International Forest Regime

III.2.1. UNCED Negotiations and North-South Conflicts.\textsuperscript{301}

Of all issues addressed during the UNCED process, the forest issue was the most parcimonious one, characterized by the coexistence of very conflictual views. During UNCED’s first Prepcom in August 1990, FAO proposed to address the issue of forests through the establishment of a global convention. This view was immediately opposed by developing countries, in particular the tropical forest states such as Brazil, Malaysia and Indonesia, which formed a veto coalition to block the idea of a convention. They feared that an international code of conduct which would consider forests as "global commons" and not as national resources would imply the imposition of conservation policies by the developed countries. In addition, they opposed the North’s view that such a convention should apply only to tropical forests, and insisted that all forests, including temperate and boreal forests in developed countries, should be the subject of the discussions. The issue of the convention dominated the debate during the four Prepcoms, with clear divergences between developed and developing countries, divergences which revolved around four main areas: ideological issues, economic issues, institutional issues, and the role of forests.

The "ideological" issues raised by the forest debates had to do with the very bases of interstate relations, and had to do with concepts of justice, fairness, and equity within the international system. The first one is the issue of national sovereignty. The Group of 77 wanted the Forest Principles to reassert Principle 21 of the Stockholm Declaration which guaranteed state sovereignty over natural resources. OECD countries instead favored an approach that would picture forests as part of the "common heritage of mankind". The debate took place in an international context (the Gulf War) where the "right to interfere" in order to impose limits on national sovereignty was being advocated by many western politicians. The second ideological source of conflicts was the G77’s request that tropical countries should be financially compensated for protecting their forests. Indeed, since forest protection has extraterritorial benefits, some have suggested to share the costs of protecting the rain

\textsuperscript{301} Speaking of North and South is certainly an unsatisfactory reduction of a more complex international reality. Yet UN negotiations have traditionally and still are conducted along these lines, in two camps which oppose the G77 and the OECD. This has been particularly true in the case of forests. "South" here will refer to the G77 plus China, and "North" to OECD countries.

De Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil European University Institute DOI: 10.2870/73863
forest "among the world citizenry, all of whom benefit from its presence". The issue of compensating tropical states for forest protection has been a constant topic during the UNCED negotiations on forests. The G77 draft insisted on tropical countries being "compensated" for "their opportunity costs foregone and the comparative higher cost entailed by increasing forest cover as well as sustainable management and conservation of their forest resource". This claim is not really surprising. As Grieco points out, "no nation will concede political advantages to another nation without the expectation, which may or not be well-founded, of receiving proportionate advantages in return". Since the preservation of the tropical forests offers benefits that extend beyond the borders of tropical states, the international funding of tropical forest protection appears to be the fairest and potentially most effective solution. Some sort of compensation mechanism could have been imagined, as in the CFC Protocol which includes the principle of providing compensation or funding to developing countries for the technology transfer on reducing CFCs. However, in the case of tropical forests, agreeing on the principle of compensation was more difficult. In a game-theoretical framework, if it is true that forests can be considered as "public goods", in the sense that the benefits they provide are neither divisible nor appropriable by any single person, it is also true that these benefits are open to all citizens. Thus, to the extent that citizens in non-tropical countries derive such benefits, they may be called free riders. And, being free riders, they have little incentive to pay for them, since they may even be unaware they are partaking of these benefits. A third issue which dominated forest debates was the question of the "right to develop", linked to conception of fairness in international relations, which caused some bitter discussion and could only be solved in Rio at a ministerial level. Finally, disagreement arose on the issue of levels of consumption, with the G77 focusing on

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302 The idea is defended by M.J. Glennon (1990:569-70).


306 The issue contains the very basis of the disagreement between the two sides since the G77 wanted to assert that development comes before environmental considerations, while developed countries, and in particular the US, would have preferred not to address global political and economic issues and to have just a technical debate on concrete and binding measures.
unsustainable consumption in OECD countries. These four "ideological" sources of North-South tensions influenced the discussions over cross-sectoral economic issues such as debt, poverty, and transfer of resources and of technology, as well as the discussion on free trade in forest products and unilateral trade measures, and the institutional issues of the follow-up mechanisms to UNCED.

III.2.2. UNCED's Outcomes: The Forest Principles and The Forest Chapter in Agenda 21

After over a hundred and fifty hours of negotiations spreading over two and a half years, UNCED produced a "Non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests", referred to as the "Forest Principles". The provisions included in the principles cover all aspects of management, conservation and sustainable development of forests, and stress the need for sustainability. Even though it reaffirms the sovereign right of countries over their forest resources (Articles 1a and 2a), the document stresses the "need for and the feasibility of all kinds of appropriate internationally agreed arrangements to promote international cooperation on forest management, conservation and sustainable development of all types of forests". The Conference also adopted a final agreement, "Combatting Deforestation", which appeared in Agenda 21, Chapter 11. It covers four program areas: 1) sustaining the multiple roles and functions of forests, 2) enhancing the protection through measures such as reforestation, 3) promoting efficient means of valuation of the goods and services provided by forests, and 4) establishing capacities for planning and observing forestry related activities such as trade.

UNCED's results were considered as representing "a victory for the South", as the Forest Principles do not include a reference to the call of negotiations of a convention, assert the right to development, address all kinds of forests, and clearly identify forests as national resources and therefore as matter of national sovereignty. According to the UNCED

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308 Comment of the Earth Summit Times June 13 1992. It is also the opinion of the Brazilian Newspaper Jornal do Brasil, June 13 1992, which observed that "the Third World has imposed a hard defeat on the United States", and quoted the Malaysian representative which celebrated the outcome as a victory for Malaysia and developing countries. For her, "the Third World won".
Secretariat, this "victory" was linked to the fact that the G77 had well perceived that the North’s interest in the issue of forest and in obtaining a convention was high. By preserving the status quo, the document does indeed represent a victory for some people in the Third World: the logging industry, large farmers and ranchers and other elites who have been benefitting from tropical deforestation for years. For the majority of the people in the Third World, for forest dwellers, indigenous people, local communities and people like Brazilian rubber-tapper Chico Mendes who was killed while defending forest as his livelihood, UNCED’s forest results are far from representing a victory.

III.2.3. Forests in the CSD and UNGASS Forests Results

After UNCED, the issue of forests was addressed within the framework of the Commission on Sustainable Development (CSD). According to CSD’s multi-year thematic programme of work, forests belonged to the second cluster of issues, and were addressed at CSD’s third session in April 1995. The CSD recommended the establishment of an open-ended ad hoc Intergovernmental Panel on Forests (IPF), and the recommendation was approved by the UN Economic and Social Council in its decision 1995/226. The Panel was mandated to pursue and formulate options for further actions in order to combat deforestation and forest degradation, and to promote the management, conservation and sustainable development of all types of forests. Forests were the subject of four meetings of the IPF, and still, heading to UNGASS there was no agreement on how to proceed and whether to begin negotiations on a global forest convention, nor on major issues such as financial assistance and trade-related matters. The issue of a possible forest convention dominated the debates, and, in comparison to Rio, there were some surprising changes, with countries like Malaysia, Indonesia and Canada shifting position to actually supporting a global convention. Fears that the move towards a convention could be just a bid by "loggers and traders" to green-wash and promote their activities made other countries and many observers sceptical about the real need for such an international instrument. As a result, even NGOs, who had in Rio been the strongest advocates of a legally-binding document, evolved to unanimously oppose a global

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309 Bernardo Zentilli, responsible for forest negotiations at UNCED’s Secretariat, describes this situation as the "syndrome of the oriental bazaar": the G77 used this interest to "raise the price". Personal communication, Geneva, July 6 1992.
convention, fearing that such a convention could become a global "stamp of approval" for free trade in forest products.310

Together with climate change and finance, forests were one of the main issue of discussion at UNGASS. UNGASS recognized that "since the adoption of the Forest Principles at the Rio Conference, tangible progress has been made in sustainable forest management at the national, subregional, regional and international levels and in the promotion of international cooperation on forests". The main result of UNGASS as related to forests is the decision to establish an Intergovernmental Forum on Forests under the aegis of the CSD, which is to be a successor of body to the 1995-1997 IPF. The Forum's objectives are to facilitate implementation of IPF recommendations, to review and monitor progress on sustainable forest management, and consider matters left pending by the IPF, in particular trade and environment, technology transfer and financial resources. The decision on the issue of a possible binding convention was postponed, and it was agreed that the Forum will "identify possible elements of and work towards a consensus for international arrangements and mechanisms, for example, a legally-binding instrument", and will report to the CSD in 1999. Based on that report, and a decision by the CSD in the year 2000, the Forum will "engage in further action on establishing an intergovernmental negotiation process on new arrangements and mechanisms or a legally binding instrument on all types of forests". The Forum should convene as soon as possible, and be supported by voluntary extra-budgetary contributions from governments and international organizations.311

Despite major controversies before New York, UNGASS did produce an outcome, and the concrete decision to establish an intergovernmental forum on forests was described by some participants as the "only positive outcome" of UNGASS. Some observers noted that the forest debate was conducted in a much less hostile environment than in Rio. The fact that UNCED took place in Brazil, the largest tropical forest country in the world, attracted a lot of the

310 At IPF IV in February 1997, an 'International Citizen's Declaration Against a Global Forest Convention' was released and signed by over 80 environmental organizations.

world's attention on the issue and increased the pressure during UNCED's forest negotiations.312 Yet in the end, the UNGASS outcome amounts to little more than a commitment of governments to continue talking about forests. NGOs also criticized that lack of commitment to enhance participation of civil society in forest debates and programs. It is also felt that the people who depend on forests for their living still have no voice in setting global forest-related policy. Observers noted that compared to the issue of a convention, the 'other' international political issues of international institutional reforms and greater civil society involvement received little attention.313

**Conclusion: Shortcomings of the Forest Regime**

The recent years have seen an important evolution in international politics. The present world system of sovereign states is increasingly developing international instruments to deal with the management and preservation of national natural resources. Forests, which used to be considered as a purely national resource, are now accepted to perform important "global functions" which justify the progressive process of regime creation. This nascent international regime for forests is made both of international economic instrument and thus depends on institutions such as the GATT/WTO, the ITTO and the World Bank, and of international legal instruments, being formalized in institutions such as the FAO and being officially negotiated in the framework of intergovernmental conferences such as UNCED and its institutional follow-up, the Commission for Sustainable Development. The regime is being implemented and monitored not only by governments and international institutions, but also by NGOs which are increasingly involved in international environmental 'governance'.

At the time of UNCED in 1992, the Indian Minister for the Environment, Mr Kamal Nath, celebrated that the South had "been able to stem the globalization of forests and international

312 As noted by Ambassador Razali, the "lofty expectations" launched in Rio collided with the street-wise realpolitik of New York diplomacy at UN Headquarters. Comments and observations taken from the Earth Negotiations Bulletin vol. 5 n° 88, 30 June 1997.

313 Criticisms are based on ISID's Countdown Forests' 97, issue 8, August 1997; and on Scott Paul 'Forest Convention Withers a Earth Summit II'. In Link n° 79, July/August 1997 :20.
monitoring of forests".314 Time has shown that he was wrong. There was no formal agreement on a legal convention, and there is still no agreement on it today. Yet, while many controversial points remain to be addressed within this nascent regime, there has without doubt been a "globalization" of forests. This globalization of forests can be assessed quite differently depending on whether a Neoliberal Institutionalist or a critical IPE approach is adopted. From a Neoliberal Institutionalist point of view, the existing institutions and instruments dealing with forests at the international level would perhaps not deserve the label of "regime". Rather, they would be seen as the first steps in a process which could - and indeed should - lead to a real regime. However, while the legal documents existing so far are soft law provisions that create no legally binding obligations, they are seen as important tools for expressing societal values and showing the emergence of a consensus. They could be later ratified in a binding form, be adopted as part of domestic law systems, become a framework for cooperation and more precise rule-making, or enter customary law.315 Yet many observers feel that these principles and guidelines are not enough for dealing with the issue of forests at a global level. As Michael Saunders argues, existing international environmental law provides a necessary but insufficient foundation for international forest regulation. They fail to combine preservation duties with support duties, do not define clear guidelines for state responsibility, and lack the necessary scope, legal obligations and valuation methods for effective regulation.316 In this perspective, if there is to be a convention on forests or other types of more efficient institutional solutions, it should recognize the global significance of forests, define the responsibility of states for forest ecosystems, address the issue of sharing costs and benefits between developed and developing states, adopt accepted standards of fairness as a basis, and include mechanisms for valuation of forest ecosystems in order to correct market failures and externalities.317 Valuation would ensure states' recognition of forest conservation as both ecologically essential and economically compelling. Today, the


315 For a discussion of the role of soft law instruments, see Alexandre Kiss. 1992, "Implications of Global Change for the International Legal System", in Edith Brown Weiss (ed.). Environmental Change and International Law: New Challenges and Dimensions. United Nations University Press. Kiss believes that soft law provisions will become part of "real system" of international institutions to address the global concerns of humankind, and that the emergence of this system is the main implication of global change.


existing institutional arrangements on forest conservation and management do not respond fully to the interests states have in global forest protection. Both the UN documents and the ITTA fail to provide a sufficient framework for addressing the complexity of issues raised by deforestation. The Legal Principles do not have a legally binding character and therefore do not have any compliance or monitoring procedure. And the ITTA, apart from considering only the aspects of forestry related to trade, does not solve the issues of externalities. This is why more effective forms of regulation are needed to deal with the issue of forest protection at a global level. Any form of binding convention on the management of forests would interfere with the flows of trade in forest products, and would therefore have a direct impact on many tropical states' earnings. Moreover, some states might gain a competitive advantage from failing to conserve forests and by not using sustainable forest practices, thus underselling timber from other nations that include environmental costs in their price. These competitive advantages encourage states to adopt a free rider attitude.

From a critical, political economy perspective, the view on the forest regime is rather different. While protecting forests per se is undeniably a positive thing, this regime is not a neutral, technical instrument that will ensure benefits to all. The sort of "regime" which is emerging for forests is of a particular kind, it benefits some actors more than other and has implications which are not politically neutral. The previous analysis of the international regime for tropical forests protection has highlighted its deeply conflictual character, and shown that it involves ideological controversies between different worldviews. In his analysis of ITTO, Humphreys has stressed how debates in the organization reflect the existence of three ideologies that clash and compete for hegemony: the hegemonic ideology of neoliberalism, and two counter-hegemonic ideologies, those of the New International Economic Order (NIEO) and of ecologism. I believe this remark is valid not only for ITTO, but for the nascent forest international regime and even for global environmental politics in general. As noted by Humphreys, the ideology of neoliberalism has so far prevailed, with its focus on national sovereignty over natural resources, on trade liberalization.
and on the primacy of economic development. The more recent inclusion of some environmental concerns and attempts to promote forest conservation are in reality in contradiction with neoliberalism's assumptions. Significantly reducing and controlling tropical deforestation would require first of all a shift in power distribution and in social structures, challenging the sovereignty principle and the centrality of the state's role in forest management. This would allow local communities and forest dwellers to regain control over forest resources and to manage them according to their needs and priorities, in a balanced socio-ecological approach. It would also require to control trade liberalization and to challenge free trade as a guiding international principle. The expansion of trade in forest products, expected to continue its ascending curve, is and will remain a major cause of deforestation. If forests are to be protected, international trade in forest products needs to be regulated, controlled, and, ultimately, reduced. Finally, it would require a challenge to the supremacy of economic development and industrialism. Production and consumption patterns will need to be substantially altered to give sustainability a chance.

A critical approach also recognizes that international regulation is only part of the solution to the issue of forest conservation. Indeed, the root causes of deforestation lie in domestic factors such as the lack of clearly defined property rights over the use of forests and forest products, demographic pressure, and political power over the disposition of forests. Critically assessing deforestation thus means taking into consideration its underlying economic and political causes. Focusing exclusively on "efficient forestry practices" and "internalization of environmental costs" will not be enough to revert this structural constraints. Those for whom forests represent a primary source of income and occupation in discussions, thanks to their knowledge and experience, sometimes hold the key to managing forests sustainably. A more community-based approach to forest management would also require little or no outside capital or technical assistance.

This analysis of the nascent forest regime has also been concerned with highlighting the growing impact of economic globalization. One observation has been the greater role of the private sector and market mechanisms in environmental policies. Observers at a recent IPF workshop noted that, 'whereas in the past, ODA from OECD governments was considered to be the primary source of financing for sustainable forest management in poorer countries,
today the private sector appears poised to take on a new leadership role in sustainable forest investment".\footnote{Report on the IPF Workshop on Financial Mechanisms and Sources of Finance for Sustainable Forestry. In IISD's \textit{Countdown Forests' 97} issue 3, February 1997 :2.} Another characteristic of globalization, privatization, which is being recommended by multilateral institutions as part of the Washington Consensus policy mix, is also likely to impact on the situation of the world's forests. Privatization is a main component of adjustment and state reform programs. It can be considered as a fourth basic rule of neoliberalism. FAO has underlined that "the trend of the past decade to divest the state of many of its functions and hand them to the private sector is unlikely to end in the near future", but notes with concern that in the environmental area privatization does not necessarily lead to the maximum public welfare. Privatizing forests is dangerous as it would shift the planning horizon and the discount rate applied to investments to benefit individuals or commercial companies rather than society as a whole. Investments in forest or watershed management for public welfare, traditionally carried out by governments, would not be made. In addition, local people who depend on forests for their livings could be deprived of access to certain resources. To conclude, FAO warns that "failure to protect the forests effectively against the inherently short-term forces of the market could clearly have disastrous effects".\footnote{FAO (1993:90-1).} State reform will certainly restructure the conditions for state interventions in tropical forests and redefine the politics of forest protection. The case of Brazil, a country going through a profound restructuring and a substantial transformation of state-society relations, will show more concretely the direct influence of the globalization process on the redefinition of environmental policies. The analysis of the mutual interaction between state processes, social structures and the international system will provide an example of a critical IPE approach to environmental politics.
Brazil is today a country of 157 million inhabitants, fifth in the world for population and territory, and the ninth largest economy in the world with a GDP of US$ 562.7 billion. Economic policy in Brazil in recent decades has been characterized by a particularly high degree of state intervention. The developmentalist state in Brazil can be said to have been relatively successful.\textsuperscript{321} It has produced what has been called the Brazilian "economic miracle": from 1947 to 1980 the annual GDP growth in Brazil averaged 7.1\%. It led the country through a profound transformation, from a rural and agricultural to a predominantly industrial and urban country. The urbanization rate in 1991 had reached 76\%. This "great transformation" has been achieved at the price of a particularly unequal social situation and very high levels of environmental degradation. The Amazon region, which has been lately incorporated in the national economy (20th century), combines both a worrying environmental record, with the threat of the complete depletion of the tropical rainforest, and a tense social situation, with conflicts over land often degenerating into violence. A comprehension of the political economy of environment and development in the Amazon region thus requires an understanding of this "great transformation" process that will allow us to reconstruct the "political trajectory" of environmental concerns in Brazil.\textsuperscript{322} Deforestation and the socio-ecological crisis in the Amazon are not only related to the global processes that have been sketched out in the first part of this thesis. They are first of all linked to the broader issues of economic development and patterns of state intervention in Brazil. As stressed by Hurrell, "the case of Brazil and the Amazon makes it very clear that the focus on formal international agreements and on Brazilian participation in international conferences will be a wholly inadequate guide as to what is likely to happen in the Amazon. Effective management of the Amazon will certainly involve international cooperation and inter-state agreements. But it will also depend on the existence of a sufficiently powerful domestic political coalition and of a

\textsuperscript{321} This is the official 1995 GDP figure. However, it is estimated that the informal sector produces some US$ 200 billion which are not captured in the official figure. See R. Schneider (1996:139-40). The data that follow in this section come from Instituto Brasileiro de Geografía e Estatística (1990) and (1993) and (1996). For an example of the argument of the relative success of the Brazilian state see A. Barros de Castro (1993).

\textsuperscript{322} The concept of "political trajectory" is borrowed from Perry Anderson.
sufficiently effective administrative apparatus to ensure compliance with whatever international norms and agreements may be entered into".323

Though the influence of global factors - such as the pressure of international NGOs, governments or organizations - on environmental concerns in Brazil appears quite clearly, the role of endogenous factors should not be neglected to understand the political economy of environment and development in Brazil. The aim of the research is not purely to show the influence of international factors and of the economic globalization process on state policies in the Amazon region. Rather, it is to investigate how global change interferes with the "political trajectory" of environment and development in the Amazon region, and to make explicit the responses given by the actors affected by global change. This aim is what distinguishes a "critical approach" to ecology from "problem-solving" IR approaches, in particular Neo-liberal Institutionalism, and also from a great deal of the literature on Third World politics. The academic literature on Third World politics has often been dominated by the belief in the primacy of exogenous factors in explaining the political change affecting Africa, Latin America and Asia since the expansion of western capitalism. As stressed by Jean-François Bayart, this type of analysis is limited to the "short time" of events. Instead, a critical analysis of political change starts start with Braudel's concept of "longue durée": contemporary politics, argues Bayart, should be viewed in the light of these layers of "slow history".324 In order to restitute historicity to the analysis of politics, it is useful to situate politics at the crossing of "inside dynamics" and "outside dynamics", as in Balandier's approach. By questioning the continuity of civilizations and the underlying longue-durée structures of present forms of civilization, it becomes possible to overcome the erroneously universalist interpretations of the political field.325

Without entering in depth into the debate on the universalist bias of the literature on Third World politics, Bayart's critical view can provide a valid starting point for an analysis of the political trajectory of environment and development in Brazil and of its interaction with global

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change. The essential element here is to stress that there are several "temporalities" acting and interacting in the political economy of environment and development in the Amazon region. The first temporality is an abstract one, a sort of transcendental or constitutive category of all social facts. In this case, this "abstract temporality" refers to the general relationship between humanity and nature. Then comes the concrete temporality, divided in the longue, moyenne, and courte durées. The longue durée is the enlarged historical perspective, including dimensions such as the traditions of the man-nature relation in the Brazilian political and economic history, the different civilizations involved in the social formation of Brazil, the secular times of the indigenous cultures, and the historical types of accumulation. Then comes the moyenne durée of the economic and social model adopted in the country in the post-war period, and of the transformations promoted by the Brazilian state from the 1950s until the middle of the 1980s, including the patterns of state intervention in this period, the evolution of economic interests and of the political and institutional regime during those years. Finally, there comes the short term, the influence of events such as the murder of Chico Mendes, the organization of UNCED and its results, the fires in the rainforest. In today's Amazonia, the clash of different temporalities is the key to understanding the social and political conflicts deriving from the unequal access to natural resources. One major conflict is due to the coexistence of primitive forms of accumulation (extractive activities) and of modern capitalistic types of social relation. The process of globalization interferes with every level of temporality: by creating pressure for the universalization of liberal capitalism, it calls for the extinction of pre-capitalistic or mercantilistic remains (extractivism), resulting in social conflicts and violence between actors inserted in different temporalities. By redefining the type of insertion of the country in the international political economy, globalization affects the domestic political economy, and in this sense, it helps to shape the political trajectory of environment and development in Brazil.

The second part of the thesis focuses precisely on the interaction of global change with the political economy of environment and development in Brazil. This part will, on the one hand,

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326 A "temporality" can be defined as the "constitutive dimension of the social fact as registered in the social time and possessing a length". See Jean-Pierre Warnier (1991) 'Définitions, Axiomes', working text of the seminar "Society, Temporality, Change". University of Paris V, Sorbonne, DEA of Social Anthropology and Compared Sociology, mimeo.

327 This argument is well developed by Francisco de Oliveira (1994) and will be further investigated in chapter 6.
show the links between the domestic political economy and environmental problems and
policies, and on the other hand, put a focus on the changes taking place after the mid-1980s
and the potential influence of global factors on this shift. It is organized in the following way.
*Chapters 5 and 6* look at the political economy of development and environment in Brazil.
*Chapter 5* starts with a historical overview of the colonial period, and introduces the most
striking *longue durée* factors that will help understand environmental concerns in Brazil, as
well as the major features of the economy during the colonial period and then from
independence in 1822 until the 1950s. But the more elaborate analysis only starts in 1950, and
covers the years 1950-1985, which presents a coherent period in terms of the interrelationship
between environment and development. *Chapter 6*, covering the same period (until 1985),
focuses on the Amazon region, showing the major factors interfering in the political economy
of environment and development in that region. *Chapters 7 and 8* then investigate the
transformative process taking place after 1985 as a process related to globalization. *Chapter
7* analyzes the changes in economic policy and the move towards liberalization and the
acceptance of the Washington Consensus. *Chapter 8* then explores the Brazilian responses at
the level of the Amazon region, in relation to the changes that have taken place both at the
level of domestic policy and at the international level with globalization. The conclusion
evaluates the transformative process of the 1990s and shows the difficulties it poses on the
path to sustainable development in the Amazon region.

The choice to place the rupture after 1985 has, in my view, a logic, both in economic and in
environmental terms. Indeed, although the 1950-1985 period witnessed important ruptures and
a dramatic political event - the coup which brought the military into power in 1964 - the
Brazilian economy and society remain binded around a project of economic development
which guaranteed high growth rates until at least the beginning of the 1980s. Compared to
the previous 1913-1946 norm of under 5% growth a year, the period from 1947 to 1980 saw
an annual GDP growth averaging 7.1 %. The continuity of economic growth in this period
provides some coherence to a period which, in political terms, appears as rather fragmented.
Actually, all through that period, growth was the explanation of and justification for the
political regime. Despite early signals of exhaustion, this model was only dismantled in the
1980s, with the political rupture of the transition to democracy and the severe impact of the
debt crisis. On the other hand, prior to the early 1980s, there was no clear awareness of
environmental protection as a political problem or as a policy-issue. The awareness only came together with the recognition of the crisis of the economic model in the 1980s and the reconfiguration of the political space introduced by redemocratization. This is why I have chosen to place the focus on the change and on the transformative process which takes place after the mid-1980s, when the impact of globalization is magnified. It is also then, I argue, that there is an inflection in the policy towards the Amazon, as will be shown in chapter 8.
Chapter V. The Political Economy of Brazil\'s Development (1950-1985)

I. Longue Durée Factors and the Political Economy of Extractive Cycles

1.1. The Origins of Ecopolitics in Brazil

The reckless exploitation of natural resources in Brazil began with the "discovery" of the country by the Portuguese in 1500 and the first forms of economic activities during the colonial period. This brief historical overview will give a picture of the influence that social and economic conditions have had on natural systems in Brazil since the colonial times. This introduction is essential to understand the longue durée factors of ecopolitics in Brazil. Indeed, topics related to nature and its destruction are well-rooted Brazilian political thought. As shown by Pádua, the reflections on the environment are linked from the beginning to the reflection on the historical meaning of Brazil as a nation: what type of relationship to establish with nature? What form of economic exploitation? What social model or form of civilization? Ecopolitics in Brazil has always been linked to the issue of a national project. Pádua has reconstructed the historical context of the formulation of first reflections on the nature-society relationship during colonial times through a study of the letters and reports of Portuguese chroniclers sent to Brazil, who were in charge of explaining the utility of the new land to Europe. This was necessary as, at first sight, the new land did not present immediate gains such as those found by the Spaniards in other Latin American regions (gold and silver) or by the Portuguese in the Indies (spices and staples) or in Africa (slaves). The only option left was thus the exploitation of the land itself. The mercantilist view which dominated at this time is best reflected in the choice of the name of the country. The name of 'Land of the Holy Cross' (Terra de Santa Cruz) was replaced by 'Brazil', from the brazilwood tree, which became the first element to be commercially exploited. The

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328 On the 22d of April 1500, the Portuguese Pedro Alvares Cabral and his fleet landed in what is today the city of Porto Seguro, in the State of Bahia. Their destination was actually India, so the "discovery" of Brazil happened purely by chance.

329 This session draws on the work of José Augusto Pádua (1988) and on Roberto Guimarães (1986:159). Pádua offers an interesting analysis of historical texts. Taking the works of José Bonifácio de Andrada during the Empire, of Joaquim Nabuco and André Rebouças in the second half of the XIXth century, and Alberto Torres in the XXth century, he shows the existence of a tradition to think about nature in the Brazilian political culture. All these authors stressed the contradiction between the progress of civilization and the extinction of the earth's finite natural resources. Alberto Torres, the father of modern nationalism, was already a fierce critic of the predatory exploitation of land and of Brazil's large improductive properties.
country was supposed to be a huge 'brazilwood' tree, a rich and generous nature to be used and exploited with the sole objective of immediate profit. The name of the country itself illustrates the predominance of mercantilist practices and economic interests over religious beliefs and social considerations. At the same time, it is a symbol of the process of the depredation of nature which has characterized the history of Brazil, as the disproportionate extraction of this tree caused its extinction in a few decades. Brazilwood today is only to be found in the Botanic garden. The foundational act of Brazil is thus a project of predatory exploitation of nature. As Pádua says, the stigma of ecological disaster is registered in the very name of "Brazil".

1.2. The Extraction Cycles of the Brazilian Economy

Brazil's insertion in the world system was then that of a typical exploitation colony. As there was no native social formation with a production appropriated to the European market, no ancient civilization such as the Incas or the Mayas, it was clear from the beginning that exploitation would be done through the direct use of the rich and virgin Brazilian nature.330 Once the role of Brazil for its metropolis was established, the country went through a series of "cycles". Economic history in Brazil until the 1930s is thus usually studied through the different economic cycles of extraction. A brief recall of the cycles of extraction will be offered.331 The first extractive cycle was the brazilwood cycle that produced red dye and was exhausted in a few decades. Then came the plantation cultures (sugar cane, cotton in the XVIth and XVIIth centuries), leather (XVIIth), gold and gems (XVIIth).

After independence was achieved in 1822 the "cycle economy" continued during the XIXth century and the beginning of the XXth century, with the cycles of coffee in the South and rubber in the North. The economy of cycles was the beginning of highly destructive patterns of resource use and extraction. Indeed, it meant the very intensive extraction of a resource (timber, rubber, gold) and over-intensive crops use (sugar, cotton, coffee..), and implied

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330 José Augusto Pádua (1990:144).

deforestation and soil degradation. As indicated by Zanoni, the cyclical droughts in Northeast Brazil today are closely related to the disappearance of the Atlantic tropical forest which covered the Brazilian coast three centuries ago. But the major environmental feature of colonial times was the way in which the land was appropriated and utilized, with startling patterns of land concentration. Land concentration dates back to the time of early colonization and to the law of sesmarias, a law first introduced in Portugal in 1375 by King Fernando to populate the interior of that country. Applied in a territory tens of time larger, the result was rather confusing. The law gave a sesmaria (a latifundio) against the commitment to cultivate it in a period of maximum five years. It is easy to perceive that, given the conditions of potential monitoring of the productivity of the land at that time, the implementation of the law was rather poor. The land remained in great part unproductive, though concentrated in very few hands, and some sesmarias were of the size of many European countries. In colonial times, large rural properties were characterized by slavery, monoculture and oriented towards the external market. With independence in 1822, the country remained without a law on land property for almost thirty years. The new law then defined that land had to be bought, to ensure that the ex-slaves would form an available and abundant labor force and not become small land owners. Land was not redistributed, and the system prevailing since the "discovery" of the country remained more or less unaltered. Land concentration is still a major problem today, and lies at the origin of most ecological problems and social tensions, as will be shown in the next chapter. Independence from Portugal in 1822 and the first and second Empires did not alter substantially the character of the Brazilian economy, even though they meant a deepening of the opening of the economy and a diversification of domestic production, so far prohibited by the Portuguese metropolis. At the time of the proclamation of the Republic (1889) and the abolition of slavery (1888), a small bourgeoisie started to develop, first agrarian with the rise of agricultural exports (linked mostly to coffee but also cocoa and rubber), but later industrial. Contingents of European migrants, mostly Italians and Germans, but also Swiss and Spanish, came to substitute the slaves in the fields.

but also established themselves in the cities, contributing to the expansion of industrial activities such as textiles, leather, shoes, machinery...333

A model characterized by monoculture and raw material exports dominated until the 1930s. It was then that, with the end of the rubber and the coffee boom and the effects of world recession, the Brazilian economy went through a profound transformation and began its industrialization phase. The Vargas government launched a policy of industrialization through import substitution with the aim of liberating the economy from its external dependency. Powerful farming groups decided to invest in industry, partly with public funds received to stop the production of coffee after the fall in prices on international markets. The capitals originating from coffee were then invested not only in the agro-export sector but also in the urban sector (trade, financial activities, transport) and in the consumer goods sector (in particular textiles). It was the time of the victory of the industrial bourgeoisie over the declining agrarian oligarchy.

II. A Recent History of State Interventionism: Developmentalism and Dependent Development (1950-1985).

It is this import-substitution industrialization (ISI) model which was fostered after the second World War, being the dominant concern of governments all through the 1950s and 1960s, and continuing to influence the economic life until the 1980s. The origin of the ISI model is to be found in the works of the Economic Commission for Latin America and the Caribbean after World War II. "CEPAL", its initials in both Portuguese and Spanish, gathered together some of the most talented economists of Latin America, among whom the most influential were the Argentinian Raúl Prebisch and the Brazilian Celso Furtado. CEPAL was not merely the formulator of the thesis of the degradation of the terms of trade, which came as a reaction to the Ricardian thesis of comparative advantages. It also elaborated a wide and original

333 Roberto Guimarães (1986:171). The first European immigrants arrived after the transfer of the Portuguese Court in 1808. But immigration really progressed at the end of the XIXth century, when the government started the subventioned immigration, paying the trip of the immigrant and his family and a salary during one year, and giving him land to cultivate. A huge propaganda campaign was also started in Europe to attract potential migrants. In 1898 alone, more than 200,000 Italians arrived in Brazil. The arrival of European workers also contributed to the decision to abolish slavery (Alencar et al 1981:147). Immigration continued in the XXth century with new contingents of Europeans but also of immigrants from the Middle-East - Syria and Lebanon - and from Japan.
analytical system which constituted a powerful instrument to understand the process of transformation of Latin-American societies. In CEPAL's view, capitalism was a process of diffusion of technical progress, irregular diffusion, commanded by the economic interests that encouraged the creation of new techniques. Underdevelopment was the result of a disequilibrium between on the one hand the rapid assimilation of new technologies produced by industrial capitalism and of innovations in consumption standards, and on the other hand the slow absorption of productive techniques. Underdevelopment was structurally produced by the forms of diffusion of technical progress at the international level. Capitalism was thus a system characterized by a structural rupture, the "center-periphery" rupture, between producers and assimilators of technical progress. In this context, one of the ways for the periphery to overcome structural dependency was to industrialize in order to develop its own productive techniques. The industrialization through import-substitution (ISI) model was based on the observation of the existence of a dynamic interaction between external disequilibrium and the new demands for imports resulting from industrial expansion. The process of ISI initiated with the substitution of non-durable goods involving low capital intensive goods. The new industries then required the import of intermediary and capital goods needed for the production process, strengthening the insufficiency of import capacity, thus widening the process of import substitution. ISI started to cover the sectors of finished durable goods and intermediary and capital goods. During the 1950s and 1960s, two types of projects, both based on the ISI model, inspired economic policies. Both projects were developmentalist, but they differed in essence as to which actors were to be responsible for the process. The first one was a genuine nationalist project, while the second installed what is known as "dependent development". The abundance of natural resources and the continental dimension of the country influenced the adoption of this "developmentalist" conception of economic policy which predominated and inspired politicians in the Post-War era.

II.1. Developmentalism


II.1.1. The Ideology of Developmentalism

Developmentalism aimed at reproducing the model of western capitalist countries, but under the control of the State and of national capital. Developmentalism emerged in the 1930s with the beginning of industrialization during the first presidency of Getúlio Vargas (1930-1945), and was adopted in the 1950s as a response to changes in the international environment and to emerging ideas about development, gaining momentum with Varga’s second presidency (1950-1954) and Kubitschek’s Program of Targets (Plano de Metas, 1955). In terms of its origins and functions, it was similar to Keynesianism in Western Europe: both were post-war phenomena and compromise ideologies, mediating between increasing demands at the internal level for the State to intervene to protect citizens, and the external demands of the international system. Developmentalism in Brazil did not assume one unique form. Bielschowsky shows that there was three variants of developmentalism, a moderate one in the private sector, plus nationalistic and non-nationalistic ones in the public sector. Nor was developmentalism the only alternative at the time: there was both a neoliberal and a socialist opposition. However, developmentalism was largely hegemonic. It dominated all through the 1950s and beginning of the 1960s, when it started to decline. In his comprehensive book on Brazilian economic thought at that time, Bielchowsky defines developmentalism as "the ideology of transformation of the Brazilian society associated to the economic project based on the following assumptions:

a) integral industrialization is the path to overcome poverty and underdevelopment in Brazil.

b) efficient and rational industrialization in Brazil will not be achieved through the spontaneity of market forces; the State needs to planify it.

c) planning should define the desired expansion of economic sectors and the instruments to promote this expansion.

d) the State should also manage the implementation of the expansion, capturing and orienting financial resources and promoting direct investments in sectors where private initiative is insufficient".337

Chapter V. The Political Economy of Brazil's Development 1950-1985

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The developmentalist ideology insisted on the property or appropriation of national resources. An example is the campaign for the control of oil production in the 1950s under the motto "the oil is ours" ("o petróleo é nosso"), which led to the creation of the national oil company, PETROBRAS. The model was based on a populist alliance between a rising industrial bourgeoisie, the agrarian elites, urban workers and new middle classes emerging from bureaucracy or from state induced industrialization. Moreover, in Brazil, developmentalist ideas maintained their association with nationalism, and became embodied by institutions. The existence of an "insulated" bureaucracy provided the technical pockets to embody and implement the developmentalist project.338 In terms of its meaning for the role of the State, the ISI model combined with the developmentalist ideology meant a high degree of autonomy of the State in relation to different social groups. It implied a conception of the State as an entity external to the socio-economic system. Finally, this "external entity" worked in favor of a small capitalist elite. As stressed by Fiori, the founding pact of the developmentalist State was in essence conservative, preserving sectorial, corporativist, and regional interests.339

II.1.2. The Practice of Developmentalism: Kubitschek and "50 years in 5"

The Kubitschek presidency opened a new road for development. It bequeathed important symbols such as the new capital, Brasilia, which was intended to contribute to the development of the interior of the country. Its goal was to "achieve 50 years in 5". His economic policy aimed at industrialization and infrastructure development.340 The economic program defined in the "Program of Targets" was based on four main elements: 1) privileged access to foreign capital; 2) financing of public and private expenditures through the expansion of means of payment and banking credits, resulting in inflationary pressure; 3) the widening of participation of public sector in capital formation; and 4) stimulation of private

338 Kathryn Sikkink (1991:21-2). Sikkink develops what she calls an "interpretative-institutional approach", focusing both on the role of institutions of the state and outside the state and on the role of ideas. Developmentalism was adopted as the result of the emergence of a new "social purpose" in pursuit of which state power was expected to be employed: the pursuit by the state of economic growth through rapid import-substitution industrialization.


340 This is only a short summary of major economic policy decisions and measures. For a full good summary of economic policies in that period, see Luiz Otenstein and Antonio Claudio Sochaczewski (1990) 'Democracia com Desenvolvimento: 1956-1961'. In M. de Paiva Abreu (ed.) 171-195.
demand. A Council for Development was created in 1956 to implement the program. The high economic growth in the priority sectors defined in the program—energy, transport, food, base manufacture and civil construction—allowed Brazil to progressively absorb the urbanization process. The expansion in the sector of durable consumption goods meant responding to the internal demand via the internationalization of the economy, opening it to foreign capital. Instruction 113 of the Superintendência da Moeda e do Crédito (Sumoc) was the key to this opening: taking advantage of the availability of foreign capital, it freed them to import machinery and equipment without paying an exchange duty, under the condition of alliance with national capital.

The Plano de Metas was the most comprehensive and coherent investment plan elaborated until then, and was implemented with remarkable success, meeting its goals both in the public and in the private sector. The table underneath gives an idea of the structural changes introduced by the plan:

Table 5.1. Plano de Metas: Previsions and Results 1957-1961

<table>
<thead>
<tr>
<th>Sector</th>
<th>Estimates</th>
<th>Results</th>
<th>%</th>
</tr>
</thead>
</table>


342 The instruction on exchange exemption had actually been elaborated by Eugênio Gudin, Finance Minister of the Café Filho government and a leading economist for several decades.

343 Table taken from Orenstein and Sochaczewski (1990:180), based on data from the Banco do Brasil and the Statistics Yearbooks.
In this sense, the plan represented an extraordinary boost to development, allowing a rapid transformation of the economic structure with the growth of the industrial sector, its modernization and the implementation of new sectors. The emphasis was on developing a domestic capacity for as many formerly imported manufactured products as possible. The basis for the solution to infrastructure problems were laid to respond both to immediate demand and to future expansions. The construction of the new capital, Brasilia, was to initiate the process of development of non-coastal areas of the country and of reduction of regional disparities.\textsuperscript{344} Brasilia came to assume an important symbolic role. In the words of Sikkink, it "was not just part of the developmentalist program; it was its physical and symbolic culmination. The construction of the new capital symbolized Brazil’s integration of its national territory and its movement into the future".\textsuperscript{345} The overall development approach in the 1950s was thus "inward oriented", the "engine of growth" identified as being the newly industrial sector. However, the ISI strategy was working to the detriment of the export sector, and this neglect of international trade was placing the country in a difficult situation in terms

\begin{table}[h]
\centering
\begin{tabular}{|l|c|c|c|}
\hline
 & 2,000 & 1,650 & 82 \\
\hline
Electric energy (1,000kw) & 2.000 & 1,650 & 82 \\
\hline
Charcoal (1,000 ton) & 1.000 & 230 & 23 \\
\hline
Oil Prod. (1,000 barrels/day) & 96 & 75 & 76 \\
\hline
Oil Ref. (1,000 barrels/day) & 200 & 52 & 26 \\
\hline
Railways (1,000km) & 3 & 1 & 32 \\
\hline
Railways constr. (1.00km) & 13 & 17 & 138 \\
\hline
Railways paving (1,000km) & 5 & - & - \\
\hline
Steel (1,000ton) & 1,100 & 650 & 60 \\
\hline
Cement (1,000ton) & 1,400 & 870 & 62 \\
\hline
Cars and trucks (1,000 units) & 170 & 133 & 78 \\
\hline
Nationalization (cars) % & 90 & 75 & - \\
\hline
Nationalization (trucks) % & 95 & 74 & - \\
\hline
\end{tabular}
\end{table}

\textsuperscript{344} Orenstein and Sochaczewski (1990:171,181).

\textsuperscript{345} Kathryn Sikkink (1991:138).
of its balance-of-payment. This explains the choice of a more "outward-looking" policy after 1964.\textsuperscript{346}

II.2. Dependent Development

The second project which characterized the post-War period also aimed at the reproduction of the western development model, but it implied the strengthening of the participation of external capital, including the opening to foreign investment, the adoption of more advanced technology originated in developed countries, as well as the adoption of consumption patterns and socio-economic organization. Although there is some continuity with the economic goals of the Juscelino Kubitschek presidency, the post-1964 regime meant a real rupture. It destroyed the populist pact founded by Vargas in the 1930s in which the industrial bourgeoisie, the bureaucratic middle class, labor and sectors of the old oligarchy united around ISI, with the support of the urban sectors of the working class guaranteed by improvements in labor legislation. Instead, the 1964 regime installed a bureaucratic-capitalist pact, in an alliance between the bourgeoisie, the military and the civil servants, excluding both the working class and the more democratic sectors of the middle class.\textsuperscript{347}

II.2.1. The Military, Dependent Development and the "Economic Miracle"

The military coup of March 1964 dismissed the government of President Joao Goulart and brought into power Marshal Castello Branco. The initial intention of the coup was to be a "salvationist" intervention: to conduct, in a short period of time, a financial, administrative and moral "cleaning" of the State and of the country, which would then enable the return to democracy. Castello Branco's perspective was not completely exempted from social considerations, and included plans to reform the Land Statute of the country. However, the 1964 movement was rapidly controlled by conservative forces and authoritarian military sectors, and Castello himself was finally quietly evicted by General Costa e Silva. The regime then launched a "conservative modernization", emphasizing on the political front the fight

\textsuperscript{346} Werner Baer (1995:206).

\textsuperscript{347} Bresser Pereira (1996:210-11).
against the left and on the economic front the industrialization and modernization of the country.\textsuperscript{348} It installed a type of political regime which until the 1980s came to dominate in most Latin-American countries, and which has been qualified by O'Donnell as "bureaucratic-authoritarian". These regimes, argues O'Donnell, came as a response to the exhaustion of the "easy-phase" of ISI mainly in the form of inflationary pressures. The authoritarian regimes came into power to "disactivate" the popular sectors and the wage increases they were demanding in order to contain inflation and attract foreign investment.\textsuperscript{349} The military regime, which lasted until 1984, left behind it an important legacy. According to Cândido Mendes, it interrupted the "normal" evolutionary process of Brazilian culture, and fractured it in an irremediable way. The technocratic regime broke the homogeneity of expectations between the "two Brazils" (the developed and the underdeveloped) and made them too qualitatively different in terms of prosperity and civic life. This explains why, even with the return to democracy, there is a lack of real "civic culture". The country only has a "subculture", a symbolic system unable to provide a real democratic identity to millions of marginalized people. The fracture introduced by the military regime, it is argued, is responsible for the contradiction between "representation" (democratic institutions) and "marginality" (the left overs).\textsuperscript{350} Despite a somehow evolutionist bias, Mendes’ analysis highlights the deep symbolic heritage from the military years, the discontinuity it introduced in the political life of the Brazilian society and the impact it had on millions on Brazilians, "sons and daughters of the revolution", a generation deprived of political and civic culture, brought up in the dream of the "Brazil super-power" ideology, and still struggling to overcome the reality introduced by the crisis in the 1980s.

The regime installed by the military coup immediately suspended constitutional guarantees and political rights, starting a wave of exiles among political leaders, intellectuals and personalities of the Brazilian left. Political parties were abolished and the National Congress was shut, and then reopened in 1967, and then shut again in 1968. The year of 1968 saw a hardening of the repression as a response to protests and demonstrations by students against

\textsuperscript{348} Hélio Jaguaribe (1993:48).

\textsuperscript{349} Guillermo O'Donnell (1973). See also the comments by Frances Hagopian (1994:38).

\textsuperscript{350} Cândido Mendes (1992:45, 54).
the educational policy (in the international context of student mobilization in 1968) and strikes by workers against wage cutbacks. In front of this "revolutionary risk", State and bourgeoisie formulated an informal agreement according to which the latter abdicated traditional political control and instruments such as press freedom, a party system, and habeas corpus, while the State maintained order at any price, and assumed the interests of the entrepreneurs as the national interest.

After the arrival of the "hard line" (linha dura) generals in 1969, the political life of the country was annihilated. The more radical part of the opposition opted for guerrilla action and armed conflict, or suffered repression and torture in the urban areas. It should however be noted that the Brazilian military regime, unlike many of its Latin-American counterparts, did not generate a true military government: instead, it was a sustaining and tutorial military power of a civilian government, conducted by civilian technocrats. While deprived of real decision-making power, Congress and the appearances of a Legislative power were maintained. The more moderate elements of the political opposition were slowly incorporated into the official system. Congress was re-opened, but only two parties - one government party (the Arena, Aliança Renovadora Nacional) and one "officially oppositionist" party (the MDB, Movimento Democrático Brasileiro) - were allowed to participate in accordance with the 1965 Second Institutional Act. The powers of the Executive were also widened. Compared with other South-American dictatorships, and especially with the bloody regime instituted in Chile in 1973 and in neighboring Argentina in 1977, the Brazilian regime can thus be qualified as more moderate, or less directly violent. A façade of democratic life was maintained, and the repression was more limited. However, in reality, the repression was just as cruel and insane, and the deaths and disappearances were more numerous than originally estimated. According to the Report Brasil: Nunca Mais (Never Again), an account of military repression compiled by the Archdiocese of Sao Paulo from the records of the military tribunals, the government was responsible for "only" 333 deaths from 1964 to 1981, against an estimated 30,000 deaths in Argentina and about 15,000 in Chile. "Only" about 500

351 A guerrilla was organized in the south of the State of Pará, in the Amazon region, known as Guerrilha do Araguaia, and at some point 20,000 soldiers were fighting the guerrilla, resulting in the death of 61 militants.

politicians lost their political rights. Still, torture was commonly used as an instrument to obtain information and to scare opponents.

From an economic point of view, the period from 1964 to 1974 was characterized by rationalization, with an attempt to remedy the distortions which had arisen during the period of intense ISI. Policies became more outward oriented. The Government Program of Economic Action ('Programa de Ação Econômica do Governo', or PAEG), launched in 1964, aimed at overcoming the restrictions on the balance of payments, which were identified as a serious limitation to growth. The PAEG proposed a policy of export promotion, an option for the internationalization of the economy, opening it to foreign capital, promoting the integration with international finance centers and the alignment with the North-American "Alliance for Progress" system. This period instituted what Bueno calls the "diplomacy of prosperity". However, the opening of the economy to foreign investments did not mean the giving up of nationalism. On the contrary, Brazil's nationalism required not isolation, but a deeper insertion into the international system. Brazil adopted the doctrine of "independent external policy", defined by San Tiago Dantas as the "exclusive consideration of the interest of Brazil, seen as a country aspiring to development". It sought a broader participation in world markets and a stronger influence in multilateral fora. Nationalism was to be the political philosophy guiding the external affairs of the country until the 1990s (though already weaker in the 1980s). In the agricultural sector, the 1960s introduced major changes in patterns of cultivation. Agricultural expansion was traditionally achieved in Brazil through bringing new land into cultivation, in what is known as "frontier expansion". As shown by Baer, until the 1960s, there was hardly any technical change policy, and agricultural productivity (output per hectare) was stagnant. In the 1948-50 to 1967-69 period about 91% of crop growth of 4.3% per year was due to cultivation of new lands. In the 1960s, when production ceased to

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adequately respond to the incorporation of land at the agriculture frontier, a phase of conservative modernization began. While the frontier still continued to expand (especially in the Amazon region, as will be shown in the next chapter), increases in productivity became the locomotive for growth. The "economic miracle" in the countryside was the result of the introduction of techniques from the green revolution. Agriculture became heavily dependent on mechanical implements and on the use of fertilizers and pesticides. Moreover, the government started to subsidize commercial agriculture through tax incentives, encouraging exports of manufactured goods from agricultural origin, and the formation of agribusiness complexes was strongly supported.

The economic model implemented by the mid-1960s and responsible for the "Brazilian miracle" has been described as "associated dependent development", or just "dependent development". For Evans, dependent development is "associated with the strengthening of strong states in the semiperiphery", and it is defined as a "special instance of dependency", built upon the alliance between the state, private national capital and international capital - the "triple alliance". The model has later been called "indebted development". It was based on the accumulation and mobilization of internal savings and significant sources of external capital with high degrees of indebtedness. This alliance pursued a massive import-substitution strategy which provided Brazil with a diversified industrial sector. The private sector represented the production of capital goods and their export to international markets, while the public sector focused on national development projects and the domestic market. On the social front, an important social welfare system backed by a large number of government agencies and state firms ensured political support from vast segments of the population. The basic assumption of economic policy was that high growth rates could be achieved and that exports could be successfully diversified. A series of measures were taken to encourage the volume of exports and to increase the share of manufactured goods, which would reduce the country's dependence on the export of primary goods. On the import side,

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358 Fernand Henrique Cardoso (1994) is responsible for the expression "associated dependent development" and Peter Evans (1979) has then written an influential volume called "Dependent Development". "Indebted development" is the title of a more recent volume by Lehman (1993:191-2).

359 Peter Evans (1979:32).
a tariff reform lowered substantially the level of tariffs, reducing protectionism. The post-1964 policies also encouraged the inflow of both private and private loan capital. The political stability provided by the technocratic/authoritarian regime and the orthodoxy of economic policies provided for a favorable climate for foreign investments. Under the cover of a nationalistic ideology, the military government increased the opening of the Brazilian economy and encouraged the establishment of multinationals, consolidating the participation of foreign capital, producing the so-called "economic miracle" (1967-1973). The goal of the government at that time, expressed in the First National Development Plan (PND I), was to transform Brazil into a developed country in the period of one generation. PND I consolidated and extended the ISI model introduced by Kubitschek, but with a stronger emphasis on exports and a heavier reliance on central planning and state intervention in the economy. Liquid foreign direct investment grew from about US$ 57 million between 1964 and 1966 to US$ 267 million between 1967 and 1973. At the same time, the "average cost of the foreign debt" - defined as the ratio liquid interest rate/liquid debt - grew from 4.7% in 1968 to 9.6% in 1973. The process of increase in the participation of fluctuant rate loans and the reduction of the fixed and concessional loans granted by international institutions, which would have dramatic effects by the end of the 1970s, was thus launched.

From 1974 to the 1980s, came a renewed emphasis on ISI, as a result of the oil shock and the subsequent debt crisis. In the mid-1970s, the country opted for debt-led growth. Policies further contributed to the diversification of the country’s exports and to import-substitution investments in industries such as capital goods. Public expenditure was the main policy instrument for supply-oriented adjustment in the second half of the 1970s. Federal funds were used to redirect investments aiming to diversify exports and contract imports. Moreover, fiscal incentives, through tax expenditures and subsidies, encouraged private investors. The Second PND (National Development Plan), approved at the end of 1974 for the period 1975-1980, foresaw an annual growth rate of 12% for industry and of 10% for the economy as a whole.

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between the years 1975 and 1979.\textsuperscript{363} It aimed at long-run supply adjustment to the external desequilibrium generated by the first oil shock in the 1970s, and proposed to promote economic growth with the support of the abundance of cheap finance provided by private financial markets.\textsuperscript{364} It sought to promote structural transformations in the economy, placing the sector of capital goods as the locomotive of growth. The ISI model moved to a phase concentrating on heavy industry, fine chemicals, and pulp and paper, comprising a huge program of investments in energy and infrastructure. According to Goldenstein, today's Brazil is the result of the decisions taken in the second PND. It is then that the State made a break with the logic that had driven Brazilian capitalism thus far and became over-indebted in highly risky conditions without creating a corresponding capacity to generate currency. Major distortions in relative prices began to emerge, and demand was indirectly subsidized through public-service charges and credits, in order to sustain consumption and production. The foreign debt grew US$10 billion between 1974 and 1977, and another US$10 billion the two following years. The Second PND was funded on an over-estimation of economic growth and on the certainty of the transitory character of economic problems at the international level.\textsuperscript{365} This error in estimation explains the difficulties in overcoming the problems introduced by the oil shock and the subsequent collapse of the Brazilian economy after the debt crisis.

II.2.2. The decline of the Military, the Economic Crisis and the Difficult Transition to Democratic Rule (1979-1985)

On the political front, the end of the Geisel presidency (1974-79) was characterized by growing opposition, including from the conservative sectors who had supported the 1964 coup, who started pressure for a return for an "opening" of the regime (\textit{abertura}) and a transition to democracy. The growing political opposition that led to the liberalization of the regime had itself economic origins. According to Bresser Pereira, one of the major reasons for the fracture of the class coalition that supported the military was the end of the economic

\textsuperscript{363} See Abreu et al. (1996:242) and Dionísio Dias Carneiro (1990:310).

\textsuperscript{364} Abreu, Carneiro and Werneck (1996:242).

miracle and the slowdown in economic surplus to be divided among the bourgeoisie and the technobureaucracy. This is why, while being the main beneficiary of the authoritarian regime and of state interventionism, the bourgeoisie started to criticize the power of the state bureaucracy, breaking the alliance that had sustained the military regime.\textsuperscript{366} The years 1978-1980 saw a strong revival of trade unions, with the huge strikes in the industrial districts of the State of Sao Paulo (the so-called "ABC paulista"). In 1978, more than 100,000 workers of the ABC factories went on strike. On the first of May 1980, 100,000 people followed a march in Sao Bernardo dos Campos. Trade-unions re-merged as a major political actor after 1978, participating in the political arena, articulating positions against the military regime, fighting against orthodox policies and wage restrictions.\textsuperscript{367} The Workers Party (PT, Partido dos Trabalhadores) was also created in these years, and its leader, Lula (Luís Inácio da Silva) was later to assume a major role in the country's political life (first as challenger to Fernando Collor de Mello and second to Fernando Henrique Cardoso in the last two presidential elections). In August 1979, a political amnesty was declared, and politicians, intellectuals and artists came back from exile. Also in 1979 a party reform took place with the secret goal of dividing the opposition, abolishing the two official parties and creating numerous new ones. Direct elections for State governors were called in 1982, and an indirect election for the president in 1984, after the failure of Congress to acknowledge popular expectations expressed in the campaign "Diretas Já" ("Direct (elections) Now"). In 1985, a civilian, José Sarney, assumed the presidency after twenty years of military rule.\textsuperscript{368}

From an economic point of view, the international debt crisis of the 1980s buried Brazil's historical patterns of growth. The deterioration of the world economy after the second oil price shock and the decline in domestic demand and production starting in the late 1970s were leading to a reduction in revenues and in the self-financing ability of the public sector.


\textsuperscript{368} Despite its strong popular support, the campaign for direct presidential elections failed, and the president was elected indirectly by Congress. Compromise between political parties had resulted in the appointment of Tancredo Neves, a moderate politician from Minas Gerais, with José Sarney, supported by the existing military regime, appointed as vice-president. Tancredo was however never to sit on the presidential chair: on the day of the handing over of office he was brought to hospital where, after seven operations, he finally died. José Sarney became the first civilian president of Brazil after the dictatorship.
The nexus between problems derived from the debt crisis and the fiscal constraint to economic growth became increasingly recognized in the 1980s. The first signals of scarcity of external capital became apparent. However, the gravity of the international situation and the constraints it would impose on the national economy was not realized by the government. The Figueiredo administration (1979-85) continued to apply the development program foreseen in the Second PND, believing the particularity of the Brazilian economy would allow it to experience continued growth despite international constraints. It focused on public investment, giving subsidies to import-substituting industries (Proálcool program, coal and petroleum prospecting) and preferential treatment for exports of natural resources (agricultural products such as soya bean and orange juice, and primary goods such as ores).\textsuperscript{369} The dominant view on the role public expenditures were expected to play in the restoration of economic growth following the oil crisis explains the difficulties in finding political support for the adoption of adjustment policies. The 1980s were thus characterized by stop-and-go stabilization policies, increasing uncertainty and slower growth.\textsuperscript{370} Actually, by 1979, the process of foreign indebtedness had already stopped being a source of funds for new investments, when the increase in the total external debt became approximatively equal to interest payments that were being made. From then on, new loans were made only to roll over the interests. At the same time, the inflow of real resources, which during the 1970s had averaged 2.1% of GDP per year, turned into an outflow in 1983 when high trade surpluses were attained. Moreover, not only did real resources transfer reach 5% of GDP in 1984 and 1985, there was also the net outflow of foreign capital in the form of remittances of profits and dividends in relation to direct foreign investment. This net outflow of foreign capital amounted to US$ 1,430 million in 1986, representing 0.5% of GDP.\textsuperscript{371}

\textsuperscript{369} Carlos Alberto Longo (1993:39).


\textsuperscript{371} See Luiz Carlos Bresser Pereira (1993:56-7).
Table 5.2 External Debt and Transfer of Resources (US$ million) 372

<table>
<thead>
<tr>
<th>Year</th>
<th>External Debt</th>
<th>External Debt Increase</th>
<th>Interest</th>
<th>Transfer of Real Resources (% GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>6.049</td>
<td>-</td>
<td>-</td>
<td>(0.5)</td>
</tr>
<tr>
<td>1971</td>
<td>7.947</td>
<td>1.898</td>
<td>302</td>
<td>(2.2)</td>
</tr>
<tr>
<td>1972</td>
<td>11.026</td>
<td>3.079</td>
<td>359</td>
<td>(2.0)</td>
</tr>
<tr>
<td>1973</td>
<td>13.962</td>
<td>2.936</td>
<td>514</td>
<td>(1.8)</td>
</tr>
<tr>
<td>1974</td>
<td>18.871</td>
<td>4.909</td>
<td>652</td>
<td>(8.3)</td>
</tr>
<tr>
<td>1975</td>
<td>24.186</td>
<td>5.315</td>
<td>1.498</td>
<td>(6.5)</td>
</tr>
<tr>
<td>1976</td>
<td>30.970</td>
<td>6.784</td>
<td>1.809</td>
<td>(4.1)</td>
</tr>
<tr>
<td>1977</td>
<td>32.037</td>
<td>1.067</td>
<td>2.103</td>
<td>(1.2)</td>
</tr>
<tr>
<td>1978</td>
<td>43.511</td>
<td>11.474</td>
<td>2.696</td>
<td>(2.1)</td>
</tr>
<tr>
<td>1979</td>
<td>49.904</td>
<td>6.393</td>
<td>4.185</td>
<td>(3.5)</td>
</tr>
<tr>
<td>1980</td>
<td>53.848</td>
<td>3.944</td>
<td>6.311</td>
<td>(3.3)</td>
</tr>
<tr>
<td>1981</td>
<td>61.411</td>
<td>7.563</td>
<td>9.161</td>
<td>(0.6)</td>
</tr>
<tr>
<td>1982</td>
<td>69.654</td>
<td>8.243</td>
<td>11.353</td>
<td>(1.0)</td>
</tr>
<tr>
<td>1984</td>
<td>91.091</td>
<td>9.772</td>
<td>10.203</td>
<td>5.9</td>
</tr>
<tr>
<td>1985</td>
<td>95.857</td>
<td>4.766</td>
<td>9.589</td>
<td>5.2</td>
</tr>
</tbody>
</table>

The strictness of foreign constraints during 1979-1982 implied that macroeconomic equilibrium would require a reduction of public investment. The decision of the Figueiredo government in office at the time (1979-1985) was to change relative prices through an increase in the real exchange rate (1981) and an exchange rate devaluation (1983). The solution up to 1985 consisted in financing the excess of public investment over government savings by higher inflation and in transferring private sector external debt to the Central Bank. In addition, following the second oil price shock and the failure of Brazil's domestic economic policies of the early 1980s, the government turned to the IMF for new resources and an economic adjustment agreement. The agreement was modelled after the standard IMF accord, and encompassed avoidance of balance of payments problems by generating trade surpluses and restricting domestic economic demand by reducing the level of economic...

372 Source: Bresser Pereira (1996:57), based on Central Bank data. Note: a transfer of real resources equals surplus on trade account, including real service.
activity through cutting of government budget deficits. Indeed, the period had seen a clear deterioration of public finance, due to the state's increasing incapacity to impose forced savings, thus contributing to the decrease in the rate of investments in the 1980s. Brazil thus began the 1980s without any planning framework, and in the absence of explicit targets, the executive made even more intensive use of the administrative controls available. This ill-managed and opportunistic policy resulted in steadily rising inflation and a prolonged recession (1980-83).

III. Evaluating the 'Miracle': the State, Dualism and Environmental Impacts

III.1. The Brazilian State: Failure or Success?

This brief overview of recent Brazilian political and economic history should have made clear the crucial role of the Brazilian State in the "great transformation" process culminating in the "economic miracle". For several decades, the State acted as the coordinator of a process of industrial development and the promoter of intensive economic growth. As far as import substitution is concerned, the goal has been quite successfully achieved. While in 1955 coffee and sugar alone were responsible for 62% of Brazil's commodity structure of exports, in 1985 their share had been reduced to 13% (and in 1992 to 4.6%). In the meantime, manufactures' share in exports grew from 1 to 66% between 1955 and 1985. At the same time, the country's indebtedness increased at exponential rates. The performance of the Brazilian economy and its dependence on foreign capital can be better understood with the following table.

Table 5.3. Foreign Debt Participation in GDP

<table>
<thead>
<tr>
<th>Year</th>
<th>Debt (US$ million)</th>
<th>% GDP</th>
</tr>
</thead>
</table>

As the table indicates, the growth occurred to a great extent because, thanks to a favorable international scenario which guaranteed abundant funding, the State was able to appeal to external capital to moderate internal conflicts. The State distributed support in the form of subsidies, fiscal incentives and special tariffs, while providing basic infrastructure and public services. The debt, which in 1964 represented 24.9% of the GDP, reached in 1985 43.2% of GDP. The weight of the foreign debt’s service increased continuously, absorbing 88% of the total of exports in 1985, provoking the need to contract new debts to keep on paying the services.377 Goldenstein argues that this is how, in moments of abundant international liquidity, the Brazilian state, deepening the dependency ties, appears as all-mighty, but once this line of credit dries up its true fragility comes to the surface.378 As stressed by Baer, Brazil’s strategy of ISI for its economic development was both a success and a failure. It did succeed in industrializing the country, but, rather than reducing its external dependence, it only changed its nature, providing a new type of dependency. Modernization was pursued without altering sectoral, corporative and regional interests, without the fiscal reform and financial centralization that would have made possible another pattern of financing, making the industrialization process very dependent on international financial capital. The ISI strategy stressing the automobile industry made the country unnecessarily vulnerable and dependent on energy in the post-1973 era. Dependence on foreign capital and on multinationals also increased. Multinationals increased substantially their participation in the national economy, and came to dominate almost with exclusivity in the chemical-pharmaceutical, mechanic, electronic, metalurgical and automobilistic sectors. National industries had to satisfy


themselves with the left overs, the traditional sectors of furniture, shoes and construction material. In addition, the development of industries that are integrated vertically into the world market depends on the decisions of multinational concerning their world production scheme as well as on the pressure of labor unions in the home countries of the multinationals. Finally, dependence was also increased in the area of trade, since exports depend on the performance of the industrialized countries who purchase them.379

III.2. 'The Cake Grows' But Is Not Shared: the Social Debt

A second comment on the transformation process in Brazil has to do with the immensity of the social problems it has provoked. Dependent development produced an economic miracle but also, and today that is more visible than the miracle, a social calamity. Though poverty did of course exist before the 1950s and the inheritance of slavery is a crucial factor in explaining structural inequalities in Brazil, it can be said that the developmental model of the post-War period has further widened these inequalities and rendered the gap between rich and poor even wider. From 1960 to 1970, for example, the participation in total income of the poorest 50% of the population fell from 17.7% to 14.9%, and the one of the next 30% from 27.9% to 22.8%, as a result of restrictive policies and of the policies of wage control and reduction, with a further deterioration until 1976.

Table 5.4 Comparison of Income Distribution in Brazil (participation in income): 1960, 1970 and 1976

<table>
<thead>
<tr>
<th>Economically Active Population</th>
<th>1960</th>
<th>1970</th>
<th>1976</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poorest 50%</td>
<td>17.71%</td>
<td>14.91%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Following 30%</td>
<td>27.92%</td>
<td>22.85%</td>
<td>21.2%</td>
</tr>
<tr>
<td>Following 15%</td>
<td>26.66%</td>
<td>27.38%</td>
<td>28.0%</td>
</tr>
<tr>
<td>Richest 5%</td>
<td>27.69%</td>
<td>34.86%</td>
<td>39%</td>
</tr>
</tbody>
</table>


The political context allowed for a direct and authoritarian intervention on wage determination. The ideology captured in the famous slogan "let's first increase the cake before dividing it" strengthened the structural duality of the Brazilian society. Dualism is the major characteristic of the Brazilian society. Dualism itself is not the product of the military regime, and has its sources in the country's historical process. Jaguaribe sees four main origins: the first and most obvious one is the institution of slavery which lasted until the late XIXth century, and, when abolished, threw thousands of ex-slave families into society without an education or patrimony, creating the conditions for the perpetuation of misery. The second factor is the inefficiency of the Brazilian education system, which also reproduces ignorance and exclusion. The third origin is the fact that Brazil's Industrial Revolution took place only after the second World War, at a high rhythm but without the capacity to absorb large contingents of rural labor, marginalizing the millions of peasants who migrated to the cities in search for a better life. And finally, dualism is due to the desequilibrium between the demand and offer of non-qualified labor, the latter being excessively over-abundant, constituting a reserve of non-qualified labor which depresses wage levels and working conditions. Dualism consists in the coexistence of, on the one hand, a minoritarian modern country with conditions comparable to an advanced European society, with an advanced industrial economy, and on the other hand, a majoritarian primitive society living from subsistence agriculture in the countryside and of marginal tertiary activities in the cities. A well-known characterization of Brazil is the "Belindia" model, illustrating the conjugation in one country of industrialization patterns corresponding to a country of the size of Belgium to the poverty levels of a country of the size of India. However, these two countries are not separate entities, on the contrary, they are intertwined and interdependent. The "progress" of the affluent society has reinforced inequality, as the integration capacity of the


382 On Belindia, a concept introduced by Edmar Bacha, see Lane Taylor and Edmar Bacha (1976) The Unequalizing Spiral: a First Growth Model of Belinda' in Quarterly Journal of Economics vol. 90, n°2. The political scientist Fábio Wanderley Reis further explored the metaphor questioning the meaning of democracy in a country whose governors are elected by the people of "India" but whose power is under the control of "Belgium". This analogy was elaborated before the scandal on politicians' involvement in child prostitution in Belgium and other corruption affairs tormenting this country in the 1990s... The explanation for the choice of Belgium for the analogy was the size of the Belgian population, comparable to the size of Brazil's rich population.

383 This part on dualism draws upon Hélio Jaguaribe (1989:9) and Alain Touraine (1988:29-31).
country in economic and social terms is limited. As a result, the Brazilian society today is made both of citizens and of non-citizens. In the view of some authors, Brazil lives in a situation of social apartheid. Indeed, the return to democratic rule has not been translated in a generalized access to social rights. The social and political reality of the country is now characterized by a disarticulation between political freedom and "social demands". While individual rights are guaranteed, social rights are not: those at the periphery of social order are also at the margins of the institutional order. The increase in political liberalization (right and access to information and expression) was more important than the increase in participation, in people's capacity to influence government's policy. While there are no institutional restrictions to political participation and every citizen is entitled to vote and express his opinion, most people are actually marginalized by the very social, political and cultural conditions in which they live and which transform them into passive masses, into second class citizens. While it is estimated that in Brazil 75 million people were entitled to vote, only 7.5 million paid taxes, showing that electoral citizenship has anticipated political citizenship in its wider sense. This rupture represents one of the bases of the structural crisis of the Brazilian society and political system, and is perpetuated over generations as excluded "second class citizens" are kept out of modern Brazil. As stressed by O'Donnell and Schmitter, a real consolidation of democracy will depend on strategies that recognize the political and the social issues as part of the same agenda.

Such a dualized development with a high concentration of resources is reflected in dramatic social standards. Although Brazil is not a poor country measured in per capita income (about US$ 2,000 in the early eighties) poverty is a widespread phenomenon, and all social indicators show very high poverty levels. Actually, even compared to other Latin American countries, Brazil comes out much worse on almost all the social indicators, the lack of social infrastructure aggravating the consequences of income insufficiency. Poverty in Brazil
has, according to Camargo and Barros, four causes: the human capital insufficiency of a large share of the population; b) the physical capital insufficiency and bad capital distribution between jobs; c) bad land distribution; and d) a labour legislation which hampers the creation of long-term labour contracts and does not create incentives to maximize productivity. These factors then interact to reproduce poverty. At each generation, the Brazilian society produces workforce of very low quality who will be poor regardless of the conditions of the labor market. At the same time the labor market and the economy as a whole underutilize and underpay labor.387

The dependent development model has also resulted in an increase in regional disparities. Industrialization, in articulating within one economic system regions that were earlier preferentially oriented towards the exterior, has contributed to consolidate the national formation in a decisive manner. The dynamism of the Brazilian economy was in part the result of a process of readjustment in the relations between the regions involving internal demographic migrations, transfers of resources and of the capacity to import. The engine of growth was the formation of the interior market on the basis of under-utilized natural resources and labor.388 However, the formation of the internal market was accomplished in a spatially and functionally uneven manner. Indeed, the ISI strategy and the economic miracle have been carried out to the benefit of the South and Southeast regions of Brazil, the richest ones. Regional industrial concentration in the richest regions of Rio de Janeiro and Sao Paulo, aggravated the internal inequalities in Brazil in terms of access to welfare, health, infrastructure etc., and caused a widening in the gap of between the quality of life in the North and in the South of the country. In 1985, almost half of the poor (48.6%) and 59.4% of the people living in conditions of strict misery live in the Northeast region. Poor people also represent a higher percentage of the population in the North and Northeast. While the proportion of poor families oscillates between 23 and 27% of the families in the South, Southeast and West-Center, it reaches 31% of the families in the North and 55% in the rural

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388 This argument of the formation of the internal market as the engine of growth is developed by Celso Furtado (1959). Furtado shows how the poorest region in Brazil, the Northeast, has transferred to the richest and industrializing regions the most scarce and strategic resource, the capacity to import. Because of the abundant cheap labor in the poor regions, made available through the integration of the system of transports, wages have not followed the increases in industrial productivity, reproducing poverty.
areas of the Northeast. Although major social indicators have globally improved in Brazil in the post World-War II period, this improvement has benefited more the Southern than the Northern regions, as indicated in the table below.

Table 5.5. Social Indicators Per Region, 1985

<table>
<thead>
<tr>
<th></th>
<th>Brazil</th>
<th>North</th>
<th>North-east</th>
<th>South-east</th>
<th>South</th>
<th>Center-West</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life expectancy (years)*</td>
<td>60.1</td>
<td>64.1</td>
<td>51.5</td>
<td>63.6</td>
<td>67.0</td>
<td>64.7</td>
</tr>
<tr>
<td>Child Mortality (0/00)*</td>
<td>87.9</td>
<td>72.2</td>
<td>121.4</td>
<td>74.5</td>
<td>61.8</td>
<td>70.3</td>
</tr>
<tr>
<td>With Piped water (%)</td>
<td>68 **</td>
<td>80.7*</td>
<td>44.4</td>
<td>83.3</td>
<td>63.6</td>
<td>57.4</td>
</tr>
<tr>
<td>Connected to Sewage/septic tanks (%)</td>
<td>47.9**</td>
<td>36.7**</td>
<td>16.1</td>
<td>68.8</td>
<td>50.3</td>
<td>23.8</td>
</tr>
<tr>
<td>Alphabetization rate, 15 years or more (%)</td>
<td>79.3**</td>
<td>87.3**</td>
<td>60.3</td>
<td>86.9</td>
<td>86.6</td>
<td>80.9</td>
</tr>
</tbody>
</table>

Finally, the effects of modernization and industrialization in the rural areas of the country have to be mentioned. The modernization project was pursued without an agrarian reform which would have eased social tensions and formed the basis for a more equitable society. Modernization in the country, though allowing for the formation of large capitalist farms, did not put an end to improductive "latifundios". Subsistence cultures and even traditional cultures such as coffee or black beans were replaced by cattle-ranching activities, soya beans and wheat. Most agricultural laborers and small farmers remained in a miserable situation. The concentration of land ownership is extreme, and once again Brazil has a somber record, with one of the most unequal distributions of land in the world. As indicated in table 5.6, in 1980, 5% of the rural establishments accounted for 67.2% of the land in the country, while the 50% of smallest establishments accounted for only 2.8%, a percentage even lower than the 1920

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figure. Land concentration is a major problem for Brazil, as it results first in land underutilization, second in unequal distribution of income and poverty in agriculture, and third in migration to urban centers, increasing the supply of non-qualified labor and reducing real wages in the urban sector.

Table 5.6. Structure of Land Ownership, 1920-1980. 391

<table>
<thead>
<tr>
<th>% of Establishments</th>
<th>% of Land 1920</th>
<th>% of Land 1950</th>
<th>% of Land 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 % smallest estab.</td>
<td>3.8</td>
<td>3.2</td>
<td>2.8</td>
</tr>
<tr>
<td>5% largest estab.</td>
<td>66.1</td>
<td>67.9</td>
<td>67.2</td>
</tr>
<tr>
<td>1% largest estab.</td>
<td>41.9</td>
<td>44.6</td>
<td>43.2</td>
</tr>
</tbody>
</table>

III.3. Environmental Aspects of Brazilian Development

Finally, in terms of the impact of development on the natural system, the historical overview has shown that the perversity of the Brazilian model is well-rooted in the country’s past and dates back to the colonial time. The pattern of natural resource exploitation through shifting cultivation and the agriculture practices inherited from this period have disregarded the environmental effects. Land concentration and monoculture are at the antipodes of the principles of ecological sustainability: diversity, carrying capacity, and resiliency. Moreover, monoculture contributes to soil deterioration, which can cause desertification or call for the use of pesticides. Monoculture, as argued by Guimaraes, is to be understood not only as agriculture but also overspecialization - in mining, in extractive activities, in manufacturing, and has been detrimental to the country in economic, political and ecological terms.392

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As far as industry is concerned, the developmentalist and the dependent development models were quite alike in terms of environmental impacts. In both variants, economic growth is perceived as synonymous with development. The use of natural resources was not subject to any constraint. The difference only involves the actors and beneficiaries of growth: while in the first model resource use and the environmental degradation which accompanies it are a strictly national right, in the second model foreign actors are accepted and encouraged to participate. Moreover, the import substitution model itself, when compared to other development models, contains more severe implications for the environment. It stimulates industries with high energy consumption and with a high degree of pollution potential. Some regions became extremely polluted, with the paroxysm being reached in the city of Cubatao, in the State of Sao Paulo: the pollution deriving from the production of steel, nitrogen, fertilizers, phosphoric acid, polyethylene, bottle gas, chlorosoda, and gasoline gave it the nickname of "death valley". In Rio, the beautiful Guanabara Bay receives the polluted waters of the Paraiba do Sul river where over 500 factories deposit their wastes, in one of the heaviest concentrations of major industries facilities in the country. On the other hand, the ISI model has marginalized small agriculture. This in turns favors on the one hand a drift from the land, accelerating an uncontrolled urbanization process resulting in the "favelas" phenomenon (urban slums), and on the other hand the establishment of an agriculture oriented towards exports with the replacement of forests or local cultures by products intended for foreign markets.

To sum up, the Brazilian type of development went along the same lines observed in the modern capitalist countries, with the high patterns of energy consumption and production of waste and pollution. But it was worsened by factors such as the emphasis on road transports and the concentration in scale and geographical distribution of industrial activities. As shown by Pádua, the speed of the process and the fact that it took place in a period of authoritarian

393 After an accident which cost the life of more than a hundred people in 1984, the local authorities started a relatively successful program of re-habilitation of the city's environment, and the levels of pollution today are way below those of the mid-1980s.

394 Roger W. Findley, quoted in Baer (1995:331). A scheme for depolluting the Guanabara Bay was established during the Rio-92 process, to be carried out with the support from Japanese funding.

395 This argument is developed by Adelman and Fetini. Of course all economic activities have an impact on the environment, and it can be argued that at least the ISI strategy has contributed to the modernization of the country and to the creation of an urban middle class with reasonable standards of living. Irma Adelman and Habib Fetini (1990) 'Development Strategies and the Environment'. Paper Presented at the Helsinki Conference on the Environment, September 1990.
rule also contributed to aggravate the situation.\textsuperscript{396} The ecological crisis in Brazil is thus related both to the developmental model adopted in the country and to the institutional and sociopolitical characteristics of Brazilian society, such as the social formation of Brazil, the evolution of the state and its role as regulator and producer \textsuperscript{397}. The case of Amazonia, a region which has been especially exposed to the social and ecological contradictions of economic development and has gradually been more and more affected by global change, illustrates well the social and ecological contradictions inherent in the Brazilian dependent development model.

\textsuperscript{396} José Augusto Pidua (1991:145).

\textsuperscript{397} Roberto Guimaraes (1986:253-4).

Both in terms of extension and natural resources, the Brazilian Amazon constitutes a unique environment. Amazonia is identified around two different concepts: political Amazonia and geographical Amazonia. The area legally designed for political and planning goals (referred to as Legal or Political Amazonia) covers over 5 million km², about 58% of Brazil's territory. Legal Amazonia includes the seven states composing the North region of Brazil: Acre, Amapá, Amazonas, Pará, Rondônia, Roraima and Tocantins, and parts of two other states: Mato Grosso (north of 13th parallel) and Maranhao (west of 44th meridian). Geographical Amazonia (i.e., the North region of Brazil), designed only for statistical goals, includes only seven states and has a million km² less. As I will be considering State policies and political issues, I will use the name 'Amazonia' to refer to Legal or Political Amazonia. Amazonia has been described as the world's "richest region of the tropical bioma"\(^ {398} \), holding 30% of the world's tropical rain forest area. Amazonia harbors approximately 20% of the animal species on earth, hosts about 30,000 different species of plants (while a northern hemisphere forest hosts only between ten and fifteen different species of plants), and provides 20% of the world's fresh water supply. However, these figures should not hide the fact that the biological diversity of the region is still partly unknown, and that there is an incredible potential in terms of medicinal plants and genetic material still to be identified. The pattern of destruction in the Amazon forest had until recently been less extensive than in other tropical regions. In addition, unlike other regions and countries in Asia and Africa, timber exports have been only a secondary factor in causing forest depletion. However, since the 1980s, the deforestation rate has been progressing at an alarming rate. While in 1975 only 30,000 km² had been cleared (that is, 0.6% of Amazonia, and 1% of the forest), in 1988 the cleared area had reached 600,000 km² (12% of Amazonia, about the territory of France). The destruction linked to timber extraction is also increasing dramatically. The rhythm and the dynamics of deforestation in Brazil are thus evolving rapidly.

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The political economy of environment and development in Amazonia results from a complex and diversified process. The determinants of the problematic range from the dynamics of local extraction to the impacts of the international debt crisis, from the preservation of indigenous lifestyle to imperatives of development or the hegemony of liberalism. These determinants are located in different temporalities, and the clash between these temporalities is provoking major social conflicts in the region. These conflicts are themselves inserted in a specific historical conjuncture, and they take place more slowly than is usually thought. The processes are still incomplete and the situations continue to change. As noted by Martins "it is presumptuous to think that the apparently rapid transformations occurring in Amazonia, such as the destruction of the rainforest, the massive eviction of posseiros, and the fencing in and reduction of Indian lands, are happening with such speed that analyses made ten years ago are now outdated. Nothing would be further from the truth. In studying Amazonia, we must be careful to avoid the trap of thinking that the tempo of change is faster than it has been in reality". The changes introduced with the process of occupation and of development of Amazonia orchestrated by the government have themselves interfered with and modified these temporalities.

In studying Amazonia, some authors have stressed the primary influence of geopolitical considerations in the decisions affecting the region in the post-War period. Others have argued that economic development priorities played the major role in the determination of state policies. In this analysis, I opt for critical IPE approach, a combined view of the role of institutional, geopolitical, economic, and social factors in explaining the political economy of environment and development in the Amazon region. Indeed, the ecological and social crisis the region is facing today is the result of the interrelation of all these factors. Deforestation was a necessary step in the development and colonization plan elaborated for the region by the military regime. Despite enormous social, economic and environmental costs, developing
the Amazon, as stressed by Anthony Hall, appeared as a politically rational decision.\footnote{Anthony Hall (1989).} This chapter will try to highlight this "rationality" which guided state policy. It will investigate the complexity of the process of development, occupation and environmental degradation of the Amazon, by showing its multi-dimensionality and the links between the several factors intervening in this process. The chapter is organized in the following way. First of all, a general introduction on the role of the Amazon region in economic history is provided, covering the period from the colonial times to 1950. The role of the plans and government policies carried out by the state techno-bureaucracy in the framework of the general planning system of the country from 1950 to 1985 is then analyzed. It is argued that development in the Amazon region corresponded to the perceived geopolitical need for integration of the region into the rest of the country, which was a major concern of the military regime which ruled Brazil from 1964 to 1984. Following that, the major economic activities and government projects of state-led developmentalism in the Amazon region are explored. Finally, the colonization and development of the Amazon are presented as part of the state project to ease social tensions in other parts of the country, as impoverished populations of the Northeast were encouraged to migrate to the Amazon region. The chapter concludes with an evaluation of the situation on the eve of the new democratic regime in 1985, focusing on the land issue, and analyzing both the failure of this social project and the tensions and conflicts between social actors in the region, and the catastrophic environmental impact resulting from the state-led development model.

I. The Amazon Region in Economic History

The rubber cycle initiated the official economic exploitation of the Amazon region, which had until then been quite insignificant.\footnote{This session provides only a brief introduction to economic history in the Amazon. For a full account of this early phase see Roberto Santos (1976) \textit{História Econômica da Amazônia}. Sao Paulo, T.A. Queiroz.} From 1870 to 1912, the region, which held the monopoly of rubber on world markets, experienced a period of rapid economic growth. Thanks to a booming demand in European and North-American markets, the region went through a phase of extreme prosperity. The vulcanization process turned rubber into an important industrial material, with the invention of the pneumatic in 1890 being used in the...
expansion of the automobile industry in the United States. Between 1890 and the First World
War, rubber became Brazil's second biggest exports. In 1912 production reached its peak with
42,000 tonnes being exported, representing nearly 40% of Brazilian export revenue. Capital
investment originated mainly from England. It was at this time that the figure of the
seringueiro, the rubber-tapper, appeared - a traditional and fundamental actor in Amazonian
society. Hundreds of thousands of people were employed for the collection of latex, often in
miserable or semi-servile conditions. A rich bourgeoisie class, the "rubber-barons", emerged
in the cities of Manaus and Belém, which saw the construction of sumptuous palaces and
buildings. Among them, the famous Teatro Amazonas of Manaus, the opera house built in
neoclassical style in 1896 with materials and artists imported from Europe, became a symbol
of the opulence that was Manaus. The whole rubber economy was then adversely affected by
the crisis provoked by Asian competition. Indeed, after World War I, national production
stagnated in virtue of the competition by England, France and Holland, who, with more
advanced techniques and grains smuggled from the Amazon, started to exploit the product in
their own colonies. The price of latex on world markets plummeted, and the Amazonian
economy collapsed. The international crisis in 1929 meant a general decline in national
production, hastening the decline of the traditional oligarchy domination, and the beginning
of a new phase of development based on industrialization.

After the "globalized" phase of development in the Amazon region, the region fought to avoid
sinking into oblivion. The Estado Novo government introduced by Getúlio Vargas in 1937
marked the final implementation of an industrial and capitalist society. Vargas developed
labor and social legislation, and encouraged the formation of a state bureaucracy. Vargas'
program of the "March to the West" in the late 1930s was based on the idea of the need to
integrate the interior of the country, including the Amazon. He also tried to relaunch the
rubber economy in the Amazon. World War II would provide this opportunity; with the
blockade by the Axis countries of producing areas in the Far-East, the US granted Brazil with
a US$ 100 million credit to organize extraction of rubber for exports. It was the beginning
of the batalha da borracha - the battle for rubber. The so-called battle included a huge plan

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403 Despite Brazil's efforts to protect its world rubber monopoly, Henry Wickham managed to smuggle rubber seeds out of the Amazon.
In 1876 he stole the SS-Amazonas cargo from the dock of Manaus, and boarded 70,000 rubber tree seeds with him. He declared at the
Brazilian custom that he was taking tropical botanical specimens to Her Majesty. Botanists in Kew Gardens in London grew the rubber-seeds
and exported them to Ceylon and Malaysia, and to the Dutch East Indies, where plantations started using more advanced techniques.
of mass migration of destitute people from Northeast Brazil to constitute a rubber army of seringueiros in Amazonia.404 Between 1940 and 1945, thanks to World War II, production rose again considerably. The rapid ascension in exports during the war is a good example of the inherent dependent character of the Brazilian economy at this time. After the liberation of eastern producing countries, the decline in production was extremely fast. Today, Brazil imports about two thirds of its consumption in rubber. In the words of Hecht and Cockburn, the Amazon began once again to slide down to the margins of world history, until the sixties dawned and at last the 'March to the West', and destruction, began in earnest.405

After World War II, the model of import-substitution industrialization (ISI) was fully adopted. The State took a leading role, assuming both regulatory and entrepreneurial functions, and launching key initiatives in industrial development by establishing state enterprises and fiscal subsidies and incentives. The State also developed a complex administrative apparatus based on its control of banks and specialized development agencies. In this context, as pointed out by Bunker, the Amazon region was to be increasingly used as "a stopgap solution to imbalances in the Brazilian national government's programs for rapid industrialization and the socioeconomic integration of the country".406 National decisions taken by state bureaucrats often failed to recognize the particularities of the Amazon region, its specific ecosystem, its traditions, the relations of production and exchange that prevailed and the internal dynamics of extractive activities. Indeed, a large part of the Amazonian economy has always been based on the extraction of value from nature rather than on the creation of value by labor, and therefore engenders different patterns of location, residence, accumulation and environmental effects.407 When the modernization process started in the Post-War period, conflicts between those traditional types of economic activities (extraction of rubber, forest products ..), which were more respectful of nature and habitats, and capitalist activities carried out by (infrastructure building, roads and dams..) or with the support of the state (subsidized

404 For a full account on the topic see Pedro Martinello (1988) A Batalha da Borracha na Segunda Guerra Mundial e Suas Consequências para o Vale Amazônico. São Paulo, UFAC.


agriculture and cattle-ranching, large projects..) would create an explosive situation both from environmental and social points of view. To get a fair picture of the problematic of environment and development in the Amazon region, it is thus essential to consider both the internal dynamics of extractive activities and the way in which capitalist activities supported by the state in alliance with private and international capital, and boosted by globalization, have come to marginalize, destroy or replace them. Finally, to be fair, it should however be added that environmental degradation by any means started only after World War II. Historically, development policies in the Amazon have always had an adverse effect on the environmental situation in the region, fostering deforestation and destructive practices. Throughout the centuries, a pervasive "frontier" attitude has dominated that assigns to nature a passive role in development.\textsuperscript{408} Agricultural practices were and still are mainly based on slash-and-burn techniques. As Nash wrote as early as 1926, "the mode of life of the Brazilian forest nomad is 'farming by fire - shifting agriculture'... In this country people have always considered forests as a communal possession which they felt free to hack, burn, and abandon at will".\textsuperscript{409}

\textbf{II. Institutions and Policies in the Post-War Period (1950-1985)}

After the collapse of the rubber economy in the 1920s, the government slowly moved towards greater interference in the Amazonian economy.\textsuperscript{410} The period after World War II was characterized by a sequence of economic plans and major projects for the Amazon region. Kubistcheck's Program of Targets started, as noted above, a cycle of "great projects" that have had a strong impact on the country's environment. At the same time, the project of populating Brazil's interior, symbolized by the construction of Brasília, came to disturb the slowness of Amazonian time. According to Ricupero, "it is Brasília that threw Amazonia in the XXth Century" after the failure of the rubber boom: it was the political decision to interiorize the center of national decisions that generated the economic occupation of the

\textsuperscript{408} Roberto Guimarães (1986:243).

\textsuperscript{409} Roy Nash (1926:286-7).
Amazon region. This reflected the traditional technobureaucratic orientation of the Brazilian State, reinforced after the 1964 military coup. The regime was heavily dependent on the existence of "bureaucratic rings" that occupied the management apparatus of the state's modernized segments. The understanding of this technobureaucratic bias of the Brazilian state is crucial in order to comprehend the political economy of environment and development in Brazil. In Guimaraes' words, "by substituting economic for political considerations, and by subsuming both to technically "neutral" criteria, the regime has been able effectively to neutralize, to sanitize, environmental issues. Moreover, the technobureaucracy has attained what we may call a 'relative autonomy' over the interests of different social groups".

The Amazonian economy was usually planned according to the same five-yearly planning system which prevailed at the national level. In 1946, the new Constitution included an article on the creation of a development program for Amazonia to be financed through a 3 % share of total federal tax revenues for a period of twenty years. In 1953, the Plan for Economic Improvement of Amazonia and the agency to administer it (Superintendência do Plano de Valorização da Amazônia, SPVEA) were effectively created. The plan aimed at providing public services to improve the living conditions of the population, and to develop the infrastructure available for expanding the agricultural, mineral and industrial sectors. Precise tasks included improving communications, modernizing river fleets and ports, improving public health and sanitation (water and sewage systems), encouraging self-sufficiency in food-stuffs and providing credits to the agricultural and industrial sectors. A true regional development bank (the Banco da Amazônia S.A. - BASA), modelled on the Bank of the Northeast, was created in 1960 (to replace the Banco de Crédito da Amazônia). The area under SPVEA's responsibility is what came to be known as "Legal Amazonia". The implementation of the first plan covering the period 1955-1959 was poor. However, by the early 1960s, the Belém-Brasília highway had been completed (1964), Belém's port had been modernized and some industrial development had been given some encouragement.

411 Rubens Ricupero, 'A Cooperacao Regional na Amazônia', 1977 speech published in Ricupero (1995:359). In Ricupero's view, Brasília stands for the center of political decision-making. However, the capital itself can be seen as part of the discourse and geopolitical action in Brazil. For an example of such a perspective, see José William Vesentini (1986) A Capital da Geopolítica. São Paulo, Atica. Vesentini's approach analyzes the construction of space as a historical process and links the exercise of domination and the instrumentalization of space.

412 The concept of "bureaucratic rings" was developed by Fernando Henrique Cardoso. See Roberto Guimaraes (1986:233). The whole section on "technobureaucracy: the birth of an actor" is very instructive (pp. 223-233).
The mid-1960s and the arrival of the military in power meant a redefinition of state policies in the Amazon region. First, the physical isolation of the region was ended with the conclusion of the first road, the Belém-Brasília road (BR-010). It is also then that the grand scale state intervention began, with the idea of "integrating to avoid delivering" (integrar para não entregar). In 1966 the SPVEA was replaced by the SUDAM (Superintendência do Desenvolvimento da Amazônia). Operation Amazônia, a corpus of legislative acts and decrees, was passed by Congress in 1966, providing the guidelines for a new Amazonia policy, establishing "development poles", encouraging emigration to frontier areas, developing infrastructure and research, and stimulating private capital to invest in the region. The plan covered the period 1967-71, and was to be implemented by SUDAM. Absolute priority in the plan was given to the development of the highway system. This corresponded both to the desire to integrate and populate the interior, and to the historic decision to prioritize the automobile industry and road transport over trains. Other important goals were set in the sectors of crops, livestock and industry. New legislation was passed in 1966 widening the scope of fiscal incentives, and allowing firms judged to be in the development interest of Amazonia to be exempt from federal income tax until 1982.413 While the development surge was beginning to gain pace, this period saw the paradoxical appearance of an important piece of legislation for forest protection. The Forest Code of 1965 required all farms to maintain at least 50% of their area with its original vegetation cover and established rules for the protection of fragile areas and waters. Strict rules were also established for the extraction of forest resources both by industries that transformed raw material from the forest (sawmills and pulp and paper plants) and those employing energy from forest resources (charcoal and firewood). For farms already settled at the time, the code established a minimum of 20% of forest cover to be maintained.414 Another measure which had an extended and significant impact was the creation of the Manaus Free Trade Zone (Zona Franca de Manaus - ZFM) in 1967, a fiscal attempt to create a development pole for central Amazonia. Firms located in the zone were exempt from import and export duties and federal manufacturers sales tax. Goods exported from the zone to another Brazilian market were free of sales tax, but goods

413 Firms were allowed income tax up to 75% of the value of the BASA (Banco da Amazônia S.A.) stock they held. In addition, they were granted exemptions of their total tax bill when these savings were invested in agriculture, livestock, industry and basic services in projects approved by SUDAM. See Armin K. Ludwig (1985:375).

with a foreign-import content were subject to import duties upon entering Brazil from the ZFM at a rate reduced in proportion to the value added in the zone.

In 1970, the National Integration Program (Programa de Integração Nacional - PIN) was established by President Médici, a decision attributed to the severe drought which affected the Northeast that year and the need to address the needs of the population of that region. The logic behind that program was that this infrastructure development would provide a short term solution to the problems provoked by the drought, creating jobs for the nordestinos (Northeasterners) forced to abandon their lands, and contributing in the long run to ease social and demographic tensions in the Northeast while favoring the occupation of Amazonia. The PIN, meant to cover the period 1971-74, and later extended until 1978, was a regional centerpiece of the First National Development Plan, PND I (described in the first session of Chapter 5). In addition to receiving funds from other sources, PIN received 30% of Amazonia's special tax incentive fund. PIN included the construction of the Transamazônia Highway to connect Amazonia to the Northeast, the development of an irrigation plan for the Northeast, the construction of an east-west highway along the northern bank of the Amazon river and the construction of a north-south highway from Cuiabá (Mato Gross) to Santarém (Pará). Projects foresaw the settlement in the Amazon region of 70,000 families from the Northeast between 1972 and 1974. Moreover, a Land Distribution Program - PROTERRA - was created in 1971 to facilitate land acquisition, improve rural labor conditions and promote productivity (both in Amazonia and in the Northeast). Funds came from federal allocations, from PIN and from a 20% share of special tax incentives. A huge official propaganda campaign was launched to attract settlers from the Northeast and from the South, promising grants and financial guarantees.

An important institution created to carry out government's programs for land was the National Institute for Colonization and Agrarian Reform, INCRA (Instituto Nacional de Colonizaçao e Reforma Agrária), established in 1970 to survey and title land and to register and supervise agricultural cooperatives and federal projects of colonization. Technicians of the INCRA elaborated a "rural urbanism" in order to plan the new settlements, their internal organization and their reciprocal relations. They defined three types of rural "urbs": the "agrovila" (small urban center), the "agrópolis" (small agroindustrial, cultural and administrative center with a
10 km² influence and covering about 10 *agrovilas* and the "ruropolis" (small development pole, more diversified, center of the rural community made of *agrovilas* and *agrópolis*).\(^{415}\) As pointed out by Martins, the technicians adopted an authoritarian conception of social relations, with evident connotations of social control. Colonization implied state control of settlers’ political and economic activities. In this context, the INCRA appeared among them as the daily presence of State power. It was through the INCRA that *colonos* became *colonos*, received permits to occupy the land or orders to leave it. Even contacts with visitors and researchers were mediated by the INCRA. There was a political economy in this rural urbanism that implied the transformations of *colonos* and agrarian communities into elements articulated to the interests and decisions of State power. Through the planning of the technobureaucracy, the State was proposing a political and economic "community" organized along his reasons. The settlements (*agrovilas*, *agrópolis* and *ruropolis*) would be transformed into generators of production and labor force for the creation and expansion of large enterprises, be they agrarian, ranching, agroindustrial, mining, or extractivist, that the State was favoring through the action of the SUDAM, the BASA and other political and economic organs.\(^{416}\) Yet despite the massive use of human and financial resources, the results of the program were rather modest, with only 5,700 families settled along the Transamazonia highway by the end of 1974, less than 10% of the government’s target.\(^{417}\) The next year saw the creation of the First Amazon Development Plan (*Plano de Desenvolvimento da Amazônia I* - PDAAM), implemented by SUDAM as a part of the First National Development Plan, which gave priority to livestock and modern agricultural development. The 1974 Program of Amazonian Agricultural, Ranching and Agromineral Growth Poles (*Programa de Pólos Agropecuários e Agrominerais da Amazônia, POLAMAZONIA*) created fifteen "growth poles" selected on the basis of their perceived comparative advantages in several productive sectors.\(^{418}\)

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\(^{416}\) Octavio Ianni (1979:61,4, 8).

\(^{417}\) The failure of the government’s colonization plan and of its function of smoothing social conflicts over land in the Northeast is analyzed in point 5 of this chapter.

\(^{418}\) The fifteen poles were: Xingu-Araguaia, Carajás (the large mining project analyzed in the following section), Araguaia-Tocantins, Trombetas, Altamira, Pre–Amazônia Maranhense, Rondônia, Acre, Jurutu-Solimões, Roraima, Tapajós, Amapá, Jurupari, Aripuaná e Marajó. See Decree nº 74.607 of 1974.
The change in policy at the national level with the second national development plan (PND II) altered the direction of Amazon policy: the Second Amazon Development Plan (PDAM II) was created in 1975 to cover the years 1975-79, concentrating on sectors with a high potential to generate foreign exchange through exports or conserve it through import substitution. The plan introduced some environmental considerations, recognizing that livestock projects ought to be located in the savanna vegetation and not in the tropical forests, which meant a slowdown in the "grassification" of the Amazon forest. Finally, the following plan (1980-85), which closed the period analyzed in this section, inaugurated what Guimaraes calls a "new phase in the philosophy of (un)planning", as it contained no specific target nor general goal or objective. Economic crisis, inflation, and unemployment rendered it impossible to decide on optimistic targets to be met, while the transition to democracy occupied all attention and energy.\(^419\)

As far as environmental policy is concerned, some progress can be detected in the 1970s, at least at the level of legislation and institutions. SEMA - the National Secretariat for the Environment - was created in 1973, according to the centralizing strategy of the State in the 1970s: to promote "national integration", the State invested in central agencies so as to manage natural resources. SEMA was created as an agency of the Ministry of the Interior with the task of establishing norms for environmental protection and to curb the excesses of the productive sectors. Yet while SEMA and other state agencies attempted to establish rules to correct industrial pollution, they were weakened by the priority given to growth. A system of graduated penalties was established, as well as a system of fines to be imposed on offending firms which would block them the access to tax incentives and credits. However, industries considered as strategic were exempted from harsher environmental provisions.\(^420\)

The guiding philosophy of state's policy had not really changed in nature. At that time, the State defined itself as the nation's greatest planner. The national territory was seen as the sum total of natural resources available which had to be used in the logic of development. A closer look at SEMA shows that it was hastily created as an instance of environmental contamination after some pressure by Congress and growing international concern expressed during the 1972

\(^{419}\) Roberto Guimaraes (1986:364).

UN Stockholm Conference on the Human Environment. Moreover, SEMA suffered from a strong technocratic orientation. As Guimaraes crudely writes, being a second-class secretariat of a regular ministry, it could not have any political clout, even in the most strict bureaucratic sense, that would help formulate and implement a national environmental policy. Furthermore, the actual way in which SEMA was set up and staffed points to the predominance of a particular professional perspective, that of the natural sciences broadly defined: chemistry, biology, pharmacology and others. As a result, the Brazilian government was able to depoliticize environmental issues, reducing them to a question of technical, or technobureaucratic, expertise.\footnote{In 1981, the enactment of Law n° 6.938 establishing a National Policy for the Environment and creating a National Council for the Environment (CONAMA) introduced a more elaborated institutional structure, defining for the first time a national system for the environment (SISNAMA). The law declared the environment a "public good to be maintained and protected with the view of public use". The declared goal was to preserve, improve and restore environmental quality in order to "ensure the conditions of socio-economic development, the interests of national security and the protection of the dignity of human life" in the country. Environmental protection remained thus subordinate to development and strategic considerations. Nevertheless, the law introduced some important elements and policy-instruments, such as the establishment of standards of environmental quality, ecological zoning, environmental impact assessments, fines against transgressors, and licencing of polluting and environmentally-damaging activities. The law also planned the development of research and the strengthening of environmental education at all levels. The implementation of the law has however been slow and poor. Some minor progress was achieved in 1985, when the Ministry of Urban Development and the Environment was created (until then, environmental issues had been the scope of the Ministry of the Interior). The environment began to be seen in a more dynamic manner, as a whole. But the resources made available to implement policies were still highly symbolic.}

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Summing up institutional and policy developments in the Amazon region, one very clear conclusion is that during this whole period the character of the State's intervention was
particularly authoritarian. In government circles, there was a feeling that Amazonian problems were so great that local and regional actors would never have the power, the resources, both technical and financial, and the competence to overcome them. The Amazon problem was put in the following terms by the government: demographic emptiness, economic emptiness, lack of capital resources, dispersion of human and economic resources, lack of transport and communication means, predominance of extractive activities, unknown and little cultured indigenous populations, virgin, fertile, and abundant lands, rich in minerals, international interests, geopolitics. Actually, most local and regional actors were not consulted and did not participate in any of the decision-making processes leading to the adoption of these plans and great projects. It should also be noted that, from the period from 1950 to the mid 1980s, development policies in Brazil were conducted mainly according to sectorial interests. This was reflected in the instruments affecting the situation of the environment. Sectorial policies, as defined by the Forestry Code, the Water Code, and the Fisheries code, were designed to protect a specific resource without integrating their strategies into the global development pattern. This ultimately polarized on the one hand development strategies without any environmental constraints, and preservationist policies perceived as obstacles to development, and as such, not followed by economic agents on the other. As noted by Guimaraes, the rhetoric of the 1970s and 1980s concerning problems of contamination and the use of natural resources did stand in sharp contrast to the discourse prevailing in the 1930s and 1940s, which was completely exempted from environmental considerations, but this evolution was not effectively translated into concrete programs or projects.

III. The "Invention" of Amazônia: Geopolitics and the Military's Superpower Project

Deforestation became a massive operation in the 1960s under military rule. Several authors have stressed the crucial role played by geopolitical considerations in explaining the political economy of environment and development in the Amazon region. Hecht and Cockburn, for
example, focus on the role of General Golbery do Couto e Silva, *Chef de Cabinet* of presidents Ernesto Geisel and Joao Figueiredo in the late 1970s and early 1980s. Golbery viewed Brazil's destiny in the consummation of Varga's 'March to the West'. The occupation of the interior would give the population a sense of national purpose while promoting the integration of empty hinterland and unguarded frontiers, and the exploitation of rich and unused resources. For Golbery, the fundamental reality of the nation's political life was its spatial configuration. The security of Brazil called for the complete integration of economic and military strategy and space: rapid economic development would play a crucial role in neutralizing opposition from the left and the perceived red peril. Geopolitics as an explanatory factor is also stressed by authors such as Becker and Egler. Becker uses this kind of argument to develop her quasi-realist viewpoint on the particularity of Amazonia as a "critical area in the world geopolitical context" and on its role in the emergence of Brazil as a "regional power in the world economy". The conservative modernization strategy carried out by the military state was essentially based on the production of space: the "frontier" or "empty space" (such as the Amazon) was then a space where it was possible to introduce innovations without threatening established interests, and where the State could readily achieve its modernization goals. Finally, there is an extensive literature in Brazil reacting to the perceived "internationalization of the Amazon" and international lust for Amazonian wealth. The role of strategic factors in the political economy of Amazonian development and in the dynamics of deforestation thus deserves some consideration.

Strategic concerns were introduced by the military government through the adoption of the "National Security Doctrine", which mixed the concepts of State and Nation, substracting the conflictual dimension of politics. It made a priority of the internal colonization of low


427 See Hecht and Cockburn (1989:114-5). As noted by the authors, Golbery's vision was influenced by evolving US hemispheric doctrine. The US gave important assistance to Brazil's military regime (and to most of Latin America's dictatorships), providing material and training to officers of the *Escola Superior de Guerra* (Brazilian War College) which was actually modeled on the US National War College in Washington. It also helped the regime to organize the repression of political opponents and assisted with advanced torture techniques.


populated regions such as the Amazon, seen as threatened by external invasion, and which could then be turned into "living frontiers", meaning, dynamic and productive space.\footnote{See Francisco de Oliveira (1994:4).} It should be noted that, of the ten international borders that Brazil has, seven are to be found almost completely within the Amazon Basin, covering 12,967 kilometers or almost 80\% of the 16,396 kilometers of borders.\footnote{That is including the totality of the diving line with Bolivia. Source: Rubens Ricupero (1995:362). The seven countries are: Bolivia, Colombia, Guyana, French Guyana, Peru, Surinam, Venezuela (the other three countries Brazil has borders with are Argentina, Paraguay and Uruguay). Actually, the only South-American countries Brazil has no border with are Chile and Ecuador.} "Operation Amazonia" was thus launched, aiming at developing the region and integrating it to the rest of the country. The main reason for such an operation was geopolitical: several neighboring countries (especially Peru and Venezuela) had already begun to occupy and develop their respective Amazonian regions, and the military leaders in Brazil wanted to ensure Brazil's sovereignty over the region by populating its borders. The program consisted, as has been shown earlier, in creating "development poles" (centres for import-substitution industrialization) and encouraged migration to sparsely populated region. The integration of the territory was used as a symbolic resource in the construction of the national identity, and in this context, as Becker and Egler have underlined, the occupation of the Amazon was a priority. It would provide the internal and external "geopolitical equilibrium", offer a solution to social tensions in other regions, and strengthen Brazilian hegemony in South America. It would create a new "Eldorado" to the marginalized populations of the Northeast. In the words of SUDAM, the integration plan (PIN) originated a "legislation with a preventive character, at the level of national security, and with an interventionist character, at the social level, which regulates the man-soil relationship in almost the totality of the Amazonian territory".\footnote{Superintendência do Desenvolvimento da Amazônia (SUDAM) (1976) \textit{A Colonização na Amazônia}. Belém, mimeo. October 1976: 144.} The politics to integrate the territory aimed at removing the material and ideological obstacles to modern capitalist expansion and to extend the State's control to all activities in all regions.\footnote{Bertha K. Becker and Claudio A.G. Egler (1993:144-150).} The megalomania of the military regime is evidenced in the goal of turning the country into a "World Power".\footnote{Presidência da República (1970) \textit{Metas e Bases para a Ação do Governo}. Brasília, September 1970: 15. As noted by Miyamoto, the dream of becoming a super power led the military regime to assume, at the South-American level, a clearly hegemonic and imperialist position: Brazil interfered in Uruguay's internal affairs in 1971 threatening its neighbor with invasion in the event of victory of the opposition candidate; it was involved in the coup against Juan Torres and the accession to power of Hugo Banzer in Bolivia; and finally it played a}
government's slogans of the time, transmitted through official propaganda and songs played on television and on the radio, expressed this goal: "Avanti Brazil" ("pra frente, Brasil"), "the country of the future", "no one can stop this country" etc. The Transamazônia highway was an important political symbol in this context. At a time when the dictatorship did not allow public debate and promoted the repression of opponents and the censorship of communications, the Tranzamazônica was used as a symbol of the "national greatness", of the "great homeland", of the "emerging power".435

The operation marked the beginning of highly destructive forms of economic activity in the Amazon region. Indeed, the military government did not take into consideration the need to set up a developing strategy which would correspond to the uniqueness of the Amazonian environment, both from the physical and from the human point of view. The same model which had been adopted for the Northeast region was applied to the Amazon, with its accent on import substitution and industrialization, while ignoring the almost complete diversity between the two regions.436 The result was the destruction of the habitat of indigenous populations as well as plants and animals. More broadly speaking, Brazil’s economic policy as whole, with the option for massive industrialization, based on techniques not adapted to the cultural characteristics, to the social needs and economic potential of the country, aimed at reproducing a style of society and of production which tends to be quite out of touch with national realities.437

This geopolitical dimension motivated strong reactions by the Brazilian government to international criticisms against environmental destruction in Brazil. In the 1970s, scarce attention was given by the government to environmental protection. Developmentalism could

dubious role in the fall of Allende in Chile. See Shiguenoli Miyamoto (1989:147).

435 Octavio Ianni (1979:53). Ianni provides numerous examples of the geopolitical concerns in the decision to launch FIN and build the Transamazônica. He quotes a deputy who declared that the Transamazônica was "a sort of World Cup on wheels" (referring to the effect that Brazil’s victory in the 1970 Football Worldcup had on Brazilians, passionate about football) "with the same anaesthetic and motivational properties... It was an eminently political project aimed at creating an aura of resolute determination around the government and to make people forget their rights to participate in political processes" (my translation). Deputy Marcondes Gadelha (Pernambuco), vice-leader a t the MDB party, quoted in Ianni (1979:53-4).


437 For an account of public policies in the Amazon see for example Dennis Mahar (1990:69-131). The structural non-adaptation of the Brazilian economic model to the characteristics of the country is developed by Cristovam Buarque who sees it as one of the fundamental problems of the country. See Cristovam Buarque (1994:29-33).
not be limited by environmental concerns, viewed as rich countries' preoccupations. Ambassador Araújo Castro, chief of the Brazilian mission to the UN from 1968 to 1971, was outraged at what he saw as the "resurrection, in the midst of the XXth century, of the 'good savage'". Environmentalism was perceived as a manifestation of the desire of rich countries to "freeze" world power. In 1971, Ambassador Sérgio Armando Frazão declared that "the pollution of air and water worried him less than the pollution of poverty and misery", and criticized the replacement of old colonial paternalism by a "pseudo-scientific conception that would justify non-development". This kind of attitude dominated the official Brazilian position at the Stockholm conference in 1972.

The ghost of internationalization also motivated the development of regional cooperation with other Amazonian countries, with the aim of "keeping the development of the region under exclusive responsibility of the nations in this area", and "to eliminate for good the interference of foreign countries". It should be observed that the generals were not completely paranoid, as there had indeed been many attempts to internationalize the Amazon. The International Institute of the Hiléia Amazônica, planned in 1948 by UNESCO as a research institute, was not approved by Congress who saw it as yet another attempt of foreign intervention. The proposal of the Hudson Institute (directed by Herman Khan) in the 1960s foresaw the creation of seven great lakes in the Amazon region, with the official goal of facilitating river navigation between Brazil and other Amazonian countries. With a complementary project in Colombia, and the use of other rivers and canals, the plan was to link the two oceans. The project, which would have meant the flooding of a total area of 740,000 km², including the city of Santarém and two thirds of Manaus, was not accepted in the end. It was seen as an attempt to prevent the development of economic activities in Amazonia, some authors also perceiving it as a covert plan to provide a second choice for the United States to ship between the Atlantic to the Pacific as an alternative to the Panamá canal.

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438 For more on the traditional view of Brazilian diplomats on environmental issues, see the article by João de Araújo Castro 'Environment and Development: The Case of Developing Countries'. International Organization, 26(1972), 401-16.

439 The quotations from Brazilian diplomats are taken from Clodoaldo Bueno (1994:109-10).

440 The argument is made by Adherbal Meira Mattos (1990:106).
A response to these "internationalizing" proposals was the strengthening of the cooperation between Amazonian countries. The Treaty on Amazonian Cooperation (TCA), also known as Amazonian Pact, was signed in July 1978 by the chancellors of the eight countries that share the Amazonian Basin: Brazil, Bolivia, Colombia, Ecuador, Guyana, Peru, Venezuela and Surinam. The TCA meant in the view of the diplomats an "invention of Amazônia": such diplomacy was identified as the most appropriate solution to a particular border situation where "everything has to be re-learnt and re-invented".441 While Brazil’s diplomacy in South America had so far concentrated mainly on the Southern Cone and on the Prata River Basin (Argentina, Uruguay, Paraguay), the TCA meant a turn in favor of the Northern part of South America. This shift was motivated partly by the oil crisis, which called for improved relations with oil producing countries (such as Venezuela). It was also hoped that Northern neighbors would constitute new markets for Brazil’s manufactured products. It was also meant reassuring the Amazonian countries about Brazil’s hegemonic ambitions and territorial claims.442 Finally, it was a response to increased international criticism of Brazil’s environmental record in the Amazon region. Indeed, the text of the TCA puts a real emphasis on environmental protection and on the rational use of natural resources. However, this has to be interpreted more as a basis for future cooperation than as a translation of real environmental concerns. First of all because of the position of the Brazilian government on environmental issues. In the military regime’s geopolitical view, the concern with the preservation of the Amazon ecology, with the exception of a few well-intentioned but ingenuous people, is part of an abitious campaign aimed at reducing Brazil’s sovereignty in the region. In the military perspective, security considerations obviously prevailed over environmental protection, social justice and indigenous peoples’ rights. Second, because the results of the TCA were extremely modest, almost non-existant.443 The TCA never succeeded in fulfilling its role as the organ for politico-economic integration. The main reason was the fear by the other countries of Brazilian hegemony in a potentially integrated region.


442 Indeed, some sectors in government and among the military argued that the Brazilian borders were not fully consolidated and could still be expanded. This vision finds its origins in history: Brazil has expanded far beyond the line agreed by the 1494 Tordesilhas Treaty dividing South America among Portugal and Spain. See S. Miyamoto (1989:149).

One might have expected the geopolitical arguments for occupying the Amazonian region to become less intense in the 1980s with the return to civilian government. However, the military still played a powerful role in politics and particularly in the Amazon region. They felt concerned that areas in the Northern border could become Indian reserves, and that smuggling of drugs and arms would be facilitated. This is why they later pushed for the adoption of the “Calha Norte” project, an ambitious project elaborated rather secretly, with no participation by public opinion nor Congress, and showing a preponderance of military goals. The Calha Norte project came as a unilateral reaction from Brazil to the refusal of Amazonian countries to strengthen economic and political cooperation in the region. By the mid-1980s, geopolitical concerns were still very present in the military discourse over the Amazon, with a subsequent stress on sovereignty. They were to reappear very strongly in the late 1980s when the international attention focused upon the Amazon and on its Indians. Generals were getting ready for an eventual invasion by environmentalists from the North aiming at establishing an independent Yanomami state...

The emphasis on geopolitical considerations is hardly surprising in a country which was under military rule, and in an international context marked by the Cold War. The existence of leftist guerillas in neighbouring countries and the risk of seeing them proliferating in the vast and uncontrollable Amazon region further justified the strategic plan for the occupation and control of the region by the military state. That was the explanation for the policy developed by the military, and cristalized in General Castello Branco’s words: “Amazonian occupation will proceed as though we were waging a strategically conducted war”. However, as pointed out by Hurrell, an approach focusing exclusively on geopolitics might end up underestimating the close links between the economic model and Brazilian policies in the Amazon.

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444 See Meira Mattos (1990:115). The Calha Norte project and its social and environmental implications will be further analyzed in chapter 8, which deals with Amazon policies after 1985. It is only mentioned here to show the continuity in geopolitical concerns over Amazonia.

445 The Colombian M-19 movement for example made frequent incursions in the Brazilian territory, and the Brazilian Army finally reacted by organizing extended army manoeuvres in the region.

446 Quoted in Hecht and Cockburn (1989:104).

IV. Development Policies and Economic Activities in Amazonia

As has been noted, the State played a crucial role in the development process of Amazonia, through the planning system put in place by the military regime and its state bureaucracy, and through the priority placed on the region by considerations of geopolitical nature. This section will add a third level of State action in Amazonia development, the intervention through economic policies, fiscal measures and infrastructure programs. The combination of these three levels of State intervention - institutional, strategic and economic policy - provides a complete picture of the political economy of development and environment in Amazonia. As stressed by Hurrell, the state "stands as the crucial explanatory link between the proximate causes of deforestation (cattle ranching, slash and burn small-scale farming, timber production, and garimpeiro-informal sector gold mining), and the mining or hydro-electric megaprojects and the underlying social, economic and demographic pressures for environmental degradation common to most developing countries". Indeed, economic development policies, planned to open up the Amazon region to human settlements and to encourage certain types of economic activities, have played a fundamental role in deforestation. Especially after 1964, the State intervened with the aim of favoring the rapid and extensive development of capitalism in Amazonia. This is not to say that capitalist forms of production did not exist in the region before, but rather, that the weight of the production destined to the local market was important. Amazonia was still predominantly a region of extrativism, isolated both physically and culturally from the rest of Brazil. State policies sought to revert this extrativist orientation of the Amazonian economy and society. Public policies sought to stimulate three type of economic activities in the Amazon: cattle-ranching and agriculture, infrastructure development projects, and timber related activities. To do so, the government launched a program of tax incentives, special loans, and provided land at a very low cost, making activities very profitable and encouraging speculation on land. Deforestation was thus fully part of the government policy for the region. It was linked to the priority placed by the government on farming for export in order to repay the loans of the foreign debt, leading to increased deforestation and displacement of forest people and peasants in the Amazon region.


449 See Octavio Ianni (1979b:55-6).
IV.1. Cattle-ranching and Farming

Cattle pasture was the dominant form of land use in deforested areas of Amazonia, taking up more than 85% of the area cleared, and 11% of the total territory of Amazonia, as indicated in the table beneath.

**Table 6.1 Agriculture exploitation in political Amazonia 1980**

<table>
<thead>
<tr>
<th>Use</th>
<th>Area (km²)</th>
<th>Percentage of Territory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultivation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual (a)</td>
<td>42,231.6</td>
<td>5.0</td>
</tr>
<tr>
<td>Permanent</td>
<td>7,619.5</td>
<td>0.9</td>
</tr>
<tr>
<td>Partial Total</td>
<td>49,851.1</td>
<td>5.9</td>
</tr>
<tr>
<td>Ranching</td>
<td>94,098.1</td>
<td>11.1</td>
</tr>
<tr>
<td>Unaltered (b)</td>
<td>704,944.3</td>
<td>83.0</td>
</tr>
<tr>
<td>Total</td>
<td>848,943.5</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: IBGE (1983) *Censo Agropecuário 1980*. Rio de Janeiro, Fundação IBGE. Note: a) includes fallow land, b) forests, natural pastures and areas not adequate for agriculture such as rivers and mountains.

The beef produced in the Amazon pastures was almost exclusively destined for the Brazilian market (the existence of cases of afthosis blocked exports to North America and Japan). Amazonia was thus not linked to the much publicized 'hamburger connection'. As explained by Fearnside, maintaining pasture productivity requires inputs of phosphates. However, phosphate deposits are practically inexistent in the region. Pasture activities in Amazonia were then characterized by very low levels of productivity, one animal per 2.4 acres, and the costs of raising cattle were rarely met by the selling price. "Given the poor agronomic performance and unpromising long-term prospects of pasture", Fearnside underlines, "the reasons for this land-use dominating the landscape lie elsewhere".450 It is to be found in the important fiscal incentives that the sector has received from government through programs administered by

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450 Philip Fearnside (1990:192-3).
the Superintendency for the Development of Amazonia (SUDAM) and the Superintendency for the Manaus Free Trade Zone (SUFRAMA). The program of fiscal incentives established by the SUDAM in 1966 allowed firms to place up to 50% of their corporate tax debt in blocked accounts which could be used for investment in projects approved in the Amazon. The incentives included not only grant exemption from income tax on the ranching operations themselves, but also allowed the firms to invest in ranching the money that they would otherwise have had to pay as income tax on unrelated operations elsewhere in the country. Government subsidies accounted for up to 75% of the investment in the ranches. From 1965 to 1978, out of the 570 projects approved by SUDAM, 337 promoted livestock ranching, amounting to US$ 391 million. SUDAM programs ended up having a major social impact as they made massive amounts of capital available for investment in enterprises which were able to displace established local economies without reabsorbing the displaced labor.451 According to Fearnside, the explanation for the bulk of pasture is the key role of this type of land use in land speculation: the value land in Amazonia has been increasing at a rate higher than inflation, yielding considerable returns. Moreover, investment in land served the function of store of value, sheltered from inflation, rather than functioning as an input to production. Since replacing the land with pasture was the cheapest way to occupy the area and protect it from takeover by squatters, neighboring ranchers, or government reform programs, pasture counted as an 'improvement' and justified the granting of a 'definitive title'. Finally, it should be noted that cattle-ranching has always been accorded social prestige in Luso-Brazilian culture, and gives more status than farming activities.452

Other agricultural activities which received subsidies included extraction of nuts (such as the Brazil nut), palm hearts, rubber and so forth. Altogether, it is estimated that the government spent US$ 2.5 billion in subsidizing ranchers investments through long-term loans, tax credits and other fiscal incentives, monetary inducements, and duty-free imports of capital equipment.453 Characterized by low revenue and low productivity, these activities could only prosper because of government subsidies. Several instruments used to encourage catle-


ranching and farming had an important impact on deforestation: 1) speculation on land: deforestation was a prerequisite to the establishment of property rights, and increased the value of land. The value of land turned into pasture exceeded that of forested land by at least 30%; 2) tax incentives: firms could avoid paying taxes in other regions of the country if deductions were invested in the Amazon region; 3) higher taxes: taxes were higher for non "used" land, i.e., land not cleared of forest cover; 4) concession of loans at negative interest rate; 5) scheduling of subsidies: farming projects approved by the government were included in lists of permanently scheduled incentives; 6) Special loans for certain products: subsidies for planting cocoa, coffee, rubber, pepper, nuts and sugar cane. These would not be attractive without the favourable conditions of loans; 7) export incentives; 8) low price of land, which encouraged its extensive use, attracted small farmers, and generated high speculative gains. Cattle-ranching had thus an especially disastrous effect on the environment. First of all, from an environmental point of view, pasture is the "worst possible alternative" for the type of soil in Amazonia. Second, pastures in the Amazon do not remain productive for long: they are degraded and frequently abandoned in as little as ten years, and new areas are constantly being cleared. More than 50% of cleared areas have been abandoned. It is estimated that environmental damage linked to pasture is responsible for two thirds of deforestation in the region. According to Myers, between 1966 and 1983, more than 100,000 km² of forest were converted to pasture, with a bovine population of about 10 million. However, incentives and subsidized credit on their own do not explain the explosive pattern of deforestation. An important factor was the struggle for land and the struggle for resources that surrounded pasture activities. Land value in the Amazon region was maintained artificially high, encouraging deforestation and the movements of population. In the words of Martins, with the fiscal policy of the government, "Amazonia has become a kind of colony for large capital, a source of speculative gains produced by the increase in rent which follows the opening of roads and investment in productive infrastructure by the government". Economic profit thus is not the result of productive activities, but of transfers of income by the State in the form of incentives. "In other words, the rationale of agricultural firm in Amazonia is not

found in *production*. With financial subsidy, the losses incurred by agriculture were more than compensated, and the burden of maintaining a large class of landowners was transferred to society as a whole.\(^{457}\)

IV.2. Infrastructure Development and Large Scale Projects

Large Scale Projects aimed at improving infrastructure development formed the second phase of the occupation of the Amazon. Starting with the Plan for National Integration (PIN) and its associated Transamazian Highway Colonization Scheme, the State began to take a more active and commanding role in colonization.\(^{458}\) A series of mega-projects followed, usually consisting of large productive units aimed at providing the basic infrastructure for national economic activity. They encompassed natural and energetic resource extraction, oil refineries, petrochemical complexes, nuclear plants, hydroelectric power plants ... These projects, to the extent that they transformed - consumed and produced - capital, labour force, natural resources and energy in a large scale, had a major impact in planning of labour flows, natural resources and land planning. They were by nature very international, with little domestic political intervention: the authoritarian regime did not allow for much discussion or public participation in decisions that would heavily influence the life of millions in the Amazon region and in the rest of Brazil.

The first important infrastructure program dealt with the building of roads, the goal being, as has been described above, to integrate the region to the rest of the country. It came as a complement to the fiscal incentives granted to livestock and agriculture activities. Indeed, the development of these activities was closely linked to the expansion of roads. The most famous one is the Transamazian highway, an undertaking which, according to Moran, is of comparable scale to placing a man on the moon. The grandiosity of the plan is captured in the following figures: to construct 5,400 kilometers of highways through largely unknown territory, to settle 100,000 families within the first five years along a 20 km-wide strip of the highway, to produce a surplus of rice and beans to replace the production of Rio Grande do

\(^{457}\) Joá de Souza Martins (1990:251-3).

\(^{458}\) Emilio Moran (1990:70).
Sul which had been diverted to soybean production for export, and to reduce pressure for agrarian reform. The results of the project were far less impressive, for various reasons. First of all, in terms of its environmental impact: although the government did commission environmental surveys as soon as it announced the PIN, it did not allow sufficient time for the results to affect project design and implementation. Areas covered by the project, such as the area from Itatuba to Rio Branco, had poor soils that could not support cultivation. In addition, the layout of the road was badly calculated, and for much of the rainy season the Tranzamazon Highway was not passable by motorized vehicle. The limited success of the project was further aggravated by the lack of available data on the region, and by the wrong use made of the data by the bureaucracy. The government planning of the colonization also seemed to misunderstand the characteristics of the population. The scheme was based on the presumption that the real constraint to small farmers was lack of land, and that the availability of land would solve all problems. However, the heterogeneity of the migrant population (not more than 30% came from the Northeast, contradicting government plans) and its lack of skills - 30% of the migrants had no experience in agriculture, and only 21% of the total of farmers had previous experience with bank credit - made agriculture activities in such a harsh environment a Herculean task. To sum up, the construction of roads, while not solving agrarian problems, had a dramatic impact on deforestation by attracting migrants, and making timber extraction and the arrival of peasants possible. Indeed, it is estimated that land located near major roads had a value from four to ten times superior to more distant plots close to smaller roads.

By the mid 1970s, the government had decided to move away from the strategy of building roads and settlements set by the program of national integration. President Geisel, who came into power in 1974, recognized the failure of the Tranzamazonia Scheme. He chose to abandon government-directed small-scale farming in order to concentrate on private colonization and large scale projects. The experience of the Transamazsonian had shown that the region was not able to offer stabilization to the demographic pressures and the socio-economic problems of the North East. Moreover, with the oil crisis of 73, the strategy of

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459 See Emilio F. Moran (1990:71).

460 This section is based on Moran (1990:72-8).
integrating the Amazon region to the rest of the country based on the expansion of the road network was seriously questioned. The government had thought that the export of minerals, timber and agricultural products would bring a more significant contribution to the earning of foreign currencies. The international scenario also interfered in another manner in the policies adopted in the Amazon region. With the international oil crisis of the early 1970s, the advanced countries reoriented their relationship with developing countries in an effort to transfer to the latter the responsibility to aggregate more energy to several primary export products. In addition, the need to recycle resources originating from the "petro-dollars" made it convenient to encourage developing countries to formulate economic macro-projects, at that time considered as the only legitimate way to match the developmentalist goals claimed. The decision to start projects such as the Great Carajás Program, the large dams of Tucurú and Itaipu, among others, was taken in this specific international context.461 Those projects were thus aimed at creating export revenues in the sectors of cattle-ranching, forestry and mining, through the creation of 15 "poles of development" disseminated in the Amazon region, coordinated in the framework of the 1974 Polamazônia plan, (abolished in 1987), which sought the expansion of ranching and agromineral activities.

The most well-known of these projects is without doubt the Grand Carajás Program (Programa Grande Carajás, PGC) for the exploration of mineral resources in the region. The largest of all projects, it covers four of the fifteen development poles planned by the Polamazônia. Since the late 1970s, regional policy had focused a good deal of attention on the development of the mineral sector. The Carajás Program was created in 1980 to promote the extraction of minerals such as copper, manganese, cassiterite, nickel, bauxite and gold. The area involved represents more than 10% of the total territory of Brazil, an is equivalent to more than the territories of Britain and France together, covering an area of 895,000 km². The first project dealing with iron began in 1983 and was carried out by the Vale do Rio Doce Company (CVRD), the State mining company, which funded 40% of the US$ 5 billion project, the rest being funded by national and foreign sources, among which the World Bank with a participation of US$ 300 million.462 An important innovation occurred with the design

461 This argument is developed by Silvio Coelho dos Santos and Aneliese Nacke (1991:46).

462 The PGC had been the focus of a lot of literature. See especially Anthony Hall (1989), and the first part of the volume edited by Jean Hébette (1991).
of the PGC project. For the first time, there was some concern with environmental protection in its formulation. However, as stressed by Hall, though claiming to contribute to sustainable development, preserve the rainforest and provide more equal access to land, the PGC, with its emphasis on cattle ranching, tended to ignore the historical relationship in Amazonia between the formation of pasture and rural violence on the one hand, and land concentration and environmental degradation on the other. The project served speculative purposes, and often declared intentions were not realized. It also had important secondary negative impacts on the environment, paving the way for the massive arrival of migrants and the subsequent deforestation. For example, the municipality of Marabá, where the Serra dos Carajás is located, saw its population more than double between 1980 and 1985 (growing from 60,000 to 134,000 people).

Other important projects included the construction of large dams aimed at increasing the country’s electricity supply, such as Tucuruí. The building of large dams has to be understood in the specific international context of the time. Brazil was only following the worldwide trend towards the large-scale harnessing of the abundant hydropotential available in the country. Energy in Brazil is highly dependent on hydraulic energy sources (in 1980, 90% of the country’s electricity output came from hydroelectric energy sources). Most of the country’s hydropotential - 97,800 MW out of a total of 213,00 MW for the whole country - is located in the Amazon region. The construction of the two of the largest dams in the Amazon region, the Tucuruí Dam and the Balbina Dam, had devastating effects both from the ecological and from the social point of view. In the case of Tucuruí, the problems involve aquatic weeds, acid water provoking corrosion of the turbines, and desedimentation from the catchment basin that is experiencing deforestation. While it was recommended that 85% of the vegetation be removed from the area to be flooded, ELETRONorTE only cleared 30%. As a result, as the vegetation left in reservoirs decomposed, the water became acidic and anoxic. Selective logging of valuable timber received higher priority than safety and quality considerations. Moreover, Tucuruí was criticized for doing very little to improve the quality

463 Of the 94 projects running in 1985, 92 were related to cattle-ranching. See Hall (1989).


of life of those living in the area: as described by Fearnside, high-tension lines pass over hut after hut lit only by small kerosene lamps to provide large multinational aluminium plants with energy subsidized to two thirds of the price the Brazilian population pays. 466 Huge environmental impacts were also expected in the case of the Balbina Dam.

IV.3. Timber Trade

The last significant economic activity developed in the area was lumbering. Timber extraction only started to gain greater importance in economic terms two decades ago. 467 In the past, tropical timber exploitation was less prominent in Amazonia than in South-East Asia or in Africa. The reason for that, explains Fearnside, is on the one hand the lower density of commercially-valuable trees in South America, difficulting in processing and marketing, and on the other hand the dark color of most Amazonian trees. 468 The main factors for the increase in timber exploitation were political pressure and economic interests in territorial occupation, resulting from the roads and infrastructure development projects, and the rise in international demand. Timber extraction thus came as a secondary activity after the construction of roads and the development of agriculture. At first, it was not developed as a sectorial activity, but as complementary to agricultural and ranching activities. Traditionally, timber extraction in Amazonia was done along the rivers, and its share in Brazil's total timber extraction was very limited. However, when forests were made accessible due to the building of new roads, such as the Transamazonian, the region became the country's first timber producer. Timber extraction increased with government incentives to exports and a subsequent boom of consumption in external markets, especially of valuable wood such as mahogany or virola. Indeed, although more than seven hundred species in Amazonia have been identified, most of the timber trade concentrates on about twenty main species: 74% of the timber exported is taken from only five species. Most of the logging is done by relatively small

466 Philip Fearnside (1990:203).

467 Given the recent nature of timber extraction development, the issue will be fully analyzed in Chapter 8, dealing with the post-1985 period. Only a brief introduction is provided here.

468 The wood in South-East Asia for example can be grouped into only six classes for the purpose of sawing and marketing, while Amazonian trees have a more heterogenous set of wood characteristics, defying efforts to group in a small number of categories for processing and marketing purposes. Moreover, the dark color of the wood makes it an unsuitable substitute for oak and maple, usually used in North America and Europe, two important markets for tropical timber after the exhaustion of their own temperate sources. P. Fearnside (1990:198-9).
Brazilian sawmills rather than by multinationals, and very often in illegal clandestine operations. With the exhaustion of timber resources from the Araucaria forests in Southern Brazil, the Amazon increased its share in Brazilian sawn wood from 14% to 44% in a decade. Tropical timber trade in Brazil has a relatively small economic weight, but shows a relative increase. Traditionally, timber trade in the Amazon was primarily oriented towards the domestic market, with few exceptions such as mahogany. However, this tendency was reverted in the coming years, with the exhaustion of traditional Asian supplies of timber and the increase of timber price on other markets. In addition, when subsidies to deforestation stopped in 1988, timber activities were already well on their way and sufficiently profitable so as to become one of the leading forces in the local economy, ensuring the maintenance of pastures and farms, as will be shown in the following chapters. Tropical timber trade in the Amazon is gradually increasing in volume and in economic weight, and has become one of the leading factors in deforestation. In addition to the deforestation caused by logging, it is also a cause for frequent incursions into indigenous areas, threatening these populations ways of life and traditions.

V. Conflicts over Land and Social Actors in the Amazonian Political Economy

So far, the analysis has focused on government measures, strategic concerns and grand development projects which have marked the model of modernization in Amazonia. The failure of this model and the contradictory character of capitalist expansion in the Amazon region are easy to show. Above all, the failure is evident in the impact it had on Amazonian population. Indeed, the (incomplete) process of generalization of market economy has not resulted in an improvement of living conditions of local populations while resulting in serious depletion of the forest cover and of natural resources. The social impact of the program was clearly inaccurately estimated, as it did not contribute to ease social tensions. This section will examine more in detail the land issue which lies at the heart of social conflicts in Amazonia. It will investigate the implementation of government policy, see how local actors

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*470* See Cardoso and Muller (1977:8).
have been affected by it, and how they have responded to State intervention. Only then will it be possible to capture the conflictual character of social relations in the Amazon region in the 1990s and the obstacles they represent to sustainable development in the region, understood as a mix of social equity and environmental goals.

V.1. Land Tenure and Social Conflicts

V.1.1. A Closer Look at Land Tenure

Land has traditionally been a rigid issue on the national political agenda. While the history of Brazil has been marked by revolts in the country and attempts by slaves to gain control over land in the free zones of the quilombos, very little has actually been done since the time of the discovery of Brazil. Today, Brazil remains the only continental country with a land ownership structure similar to the one at the time of its foundation. According to data of the INCRA, the 35,083 latifúndios of Brazil, which form only 1% of the total of registered properties, occupy 153 million hectares, almost half of the area occupied by rural properties. The area occupied by latifúndios is equivalent to the sum of the territories of France, Germany, Spain, Switzerland and Austria together. No other continental country combines this mixture of concentration and waste of land. Only 14% of the arable land is used for agriculture. 48% of the land is used for ranching. The rest (38%) is idle. In the North region, 79% of the total area is occupied by unproductive properties (even in the South, which has better land quality, the figure is only 42%).

The figures show how neglected the issue of land has been by past governments. Actually, the only government to have really attempted to change the structure of land ownership in Brazil was the government of President João Goulart (1961-64), overthrown by the 1964 military coup. Goulart adopted two important pieces of legislation in the field, one establishing the Superintendency for Agrarian Policy (Superintendência da Política Agrária, SUPRA, created by Law no 11 of October 11 1962), responsible for carrying out the agrarian

471 A quilombo is a community of escaped slaves. The most famous quilombo ever was the 'Quilombo dos Palmares', led by legendary chief 'Zumbi dos Palmares'.

reform, and the other creating the Statute of the Rural Worker (Estatuto do Trabalhador Rural, law n° 4914 of March 4 1963) guaranteeing the trade union, wage and social security rights of peasants. As noted by Caio Prado Júnior, there was, already at that time, a growing radicalization of social antagonisms in the country as a result of the land ownership structure. Sectors of the rural bourgeoisie were preoccupied by the politicization in the fields and the agitation promoted by the movement of the Ligas Camponesas (the Peasant Leagues). Rural unions were gaining more and more weight under the command of the Communist and of the Labor parties (Partido Trabalhista Brasileiro, PTB). The international context also worried the conservative sectors in Brazil, with the clear influence of the Cuban revolution on the peasant movement. The 1964 coup came as a conservative reaction to the populist and labor-orientation of the Goulart government, and received huge support from the rural bourgeoisie. Castello Branco's government immediately intervened in rural unions, closing down the Peasant Leagues and arresting the movement's leaders. It created the Statute of Land to appease the latifundiários which had been an important economic and political support of the coup. The general goal was to promote capitalist accumulation through the incorporation and subordination of agro-ranching to industrial capital. The result would be, as pointed out by Ianni, the transformation of agriculture in a "frontier" of industrial capital. The Statute of Land, established by law n° 4.504 of November 30 1964, defined precisely the conditions of the capitalist development of agriculture. The extensive expansion of capitalism in Amazonia decided by the military government was to provide a means to preserve the structures of economic appropriation and political domination in the Northeast and the Center-South, with the aim of benefiting rapid capitalist accumulation.

Despite the existence of the Land Statute, land was only fully recognized as a policy issue by the mid-1970s, after the establishment of INCRA in 1970. There was first a clear focus on directed colonization by the government. The policy consisted in placing obstacles to

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474 On this part see Octavio Ianni (1979:125-137).


476 Octavio Ianni (1979:53).
spontaneous colonization by small farmers, which would have meant a de facto colonization. The official government policy was, as has been noted, to move people from other region to Amazonia and to settle them along roads and development projects as determined by government plans. According to the director of INCRA’s Department of Projects and Operations, "the land problem in Amazonia is characterized generally by the need to demarcate public lands (terras devolutas) so that the large human contingents in Brazil who need good, cheap land can be taken there". After 1974, demographic pressure within Amazonia was identified as a cause of conflicts. There was a shift to demarcation of already occupied lands in areas unrelated to official settlement projects. However, as pointed out by Almeida, the demarcation policy proved inadequate and failed to offer solutions to conflicts over the maintenance of occupancy rights or the recovery of these rights by rural workers thrown off their holdings. The economic and political interests of private firms, both national and foreign, prevailed over land distribution. In this sense, as underlined by Ianni, the government policy of colonization in the Amazon has functioned as a counter-agrarian reform. Confronted to a de facto agrarian reform which was taking place through migration and spontaneous colonization, the State adopted measures to discipline, control and block the reform process which had started even before 1964 and which was gaining momentum in the late 1960s and beginning of the 1970s. The directed colonization plan opted for the distribution of some land, to avoid distributing land in more general terms.

V.1.2. The Fight for Land: Violence and Expropriation

Hecht and Cockburn compare the process taking place in the Amazon starting in the 1960s with the "enclosure" movement of conversion of public lands to private property in early modern Europe: past generations of extractors endured the same abuse as did the peasants of Europe as they were fenced off from their old commons and punished for poaching on the newly enclosed lands. For the population of the Amazon region, as well as for the

477 Hélio Palma de Arruda, speech at the Superior War College in August 1977, quoted in Almeida (1990:231).
479 Octavio Ianni (1979:81).
deprived masses from other regions who migrated to Amazonia during those years, the colonization process has meant lifestories of struggles and violence. Apart from its structural inadequacy to solve the issue of the inequity of land ownership in Brazil, the government's program to create self-sufficient rural communities has met many other obstacles: harsh environmental conditions, diseases such as malaria, as well as the huge distance from consuming markets creating comparative disadvantage, have all contributed to the poor success of the enterprise. Ironically, this failure ended up being relatively beneficial to the environment. At the beginning of the 1980s only 4% of the deforested areas in the Amazon could be attributed to the settlement of the colons along the Transamazônica. As has been said, more than thirty years after the plan for solving land problems through the occupation of Amazonia, most of the land in the region is today in the hands of latifundiários rather than having been distributed among small land-owners. According to a 1985 INCRA survey, the North region of Brazil in 1985 had 69,987 latifundio properties with 98.9 million hectares, representing 79.7% of the total area of the Northern region and 16.5% of Brazil. Besides the official land policy itself, another aspect of State policy contributed to this result: the system of fiscal subsidy described above. The reality is that the government policy of fiscal incentives granted since 1966 served to concentrate land ownership in the region. As underlined by Martins, "the incentives policy was clearly intended to protect landowners, ensuring their place in the power structure. Although this policy is almost always seen simply as a measure of 'implanting' large capital in agriculture, it has been used to force these capitals into landownership, maintaining and modernizing property without undertaking social reform"..

Agrarian structures in Amazonia during this period have been characterized by the lag between the irregular and uneven character of State intervention and the intensification of land conflicts. It is estimated that, of all land conflicts in Brazil, 40 per cent of all conflicts and two thirds of the deaths occur in Amazonia. In the region of the "Bico do Papagaio", at the junction of the states of Pará, Maranhao and Goiás, the heart of the Carajás Program. 104

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people were killed in 1985 in relation to conflicts for land, 40% of the national total. Rural violence is also changing in nature, with an increasing use of threats, intimidation, kidnapping, torture, illegal prison and slave work. Not surprisingly, the more violent areas are the ones with the worst land concentration rates. As pointed out by Almeida, former Director of the Land Conflicts Office of the Ministry of Agrarian Reform and Development, violence has been a constant element in Amazonia’s recent history. Violence has been used to subjugate different segments of the peasantry as well as indigenous groups, presented as a 'necessary fact', specific to the economic processes and political structures of frontier regions. It has resulted in the consolidation of latifundia, properties whose access to the means of production is based on the destruction of pre-existing tenure system and mechanisms to immobilise labor, such as debt peonage, which represent extreme forms of repression of the labor force. State intervention has produced two new antagonistic classes, capitalist latifundiários and an independent peasantry. A study of the situation in Acre shows the evolution of social relations in rural Amazonia. Under traditional extractive relations, say, until the 1960s, class struggles (between estate owner and rubber-tappers) centered on the use of land, i.e., the control of the means of production. In the 1980s, after the arrival of the "ranching front", the struggle is centred on the issue of whether the land should be used or not, on its role as an object of labor or as an object of speculation. Whereas in the past the powerful class acted to appropriate the labor power of the other class, nowadays the struggle actually concerns the exclusion of one group by the other from the land itself. Whole rural communities are forced to abandon their lands and go to swell the ranks of the urban poor. However, others choose to stay and fight for a democratization of land and a promotion of its social use.

Ianni also provides an interesting historical account of the evolution of social relations in the Amazon region which helps understand the social problematic of the Amazonian political economy. Land, Ianni argues, constitutes itself a social relation. In his case study of the fight for land in one area of the Amazon, the municipality of Conceição do Araguaia in the South

484 The data on rural violence is taken from Anthony Hall (1991:145-7).
486 Keith Bakx (1990:68).
of the State of Pará, he shows how land is inserted in the framework of social class relations as capitalism reaches Conceição and proliferates. In the past, land was an abundant and available resource. With the rubber boom, seringalistas started to occupy the lands rich in latex, and installed the first versions of latifúndio. Value was given to the trees, not to the land, which was still for the most part freely available. The generalized fight for land only started in the 1960s, when newly arrived fazendeiros and entrepreneurs started to evict small farmers from their lands to develop ranching and agriculture activities, with the support of SUDAM and other government agencies. A growing antagonism developed between posseiros (small farmers) and fazendeiros, with the mediation of other actors in the region: the police, the government bureaucracy, technicians, elements of the urban bourgeoisie such as lawyers and bankers etc.. This phases corresponds in economic theory terms in what is known as "primitive accumulation", i.e., the transformation of land into legal private property concentrated in very few hands. Small producers were transformed into wage earners, and the social conditions of production for trade and consumption were transformed into conditions for the reproduction of capital. As cattle-ranching increasingly substituted small family subsistence production, the fight for land intensified. There was a process of proletarization of posseiros, which became part of the rural proletariat together with the vaqueiros working in the ranchs and the peoes working in large farms. The story of Conceição is thus the story of the destruction of small peasantry by large capitalist farms and ranches benefiting from political and economic protection from the State.487

At the end of the military period, in the mid-1980s, the situation in Amazonia, as a result of these transformations, was on the verge of a crisis both from the social and from the ecological point of view. The region had been transformed from a forested and lowly populated area into a region with a high urbanization rate and an important participation in national production and income. The population of the region had grown from 5.7 million in 1960 to about 19 million inhabitants in 1996. The urbanization rate in 1996 was about 60%, while in 1940 it was 27.7%, in 1970 35.5% and in 1980 44.6%. Despite an improvement in social indicators in terms of life expectancy, or infant mortality, the region remains the poorest one in Brazil.

487 Octavio Ianni (1979). An updating of Ianni's case study would certainly reveal the intensification of the fight for land and the increase violence in the conflicts opposing the rural proletariat and the fazendeiros.

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<tbody>
<tr>
<td>Total Pop.</td>
<td>7,717,965</td>
<td>11,754,412</td>
<td>16,988,040</td>
</tr>
<tr>
<td>Urban Pop.</td>
<td>2,747,485</td>
<td>5,246,615</td>
<td>9,380,105</td>
</tr>
<tr>
<td>Urban (%)</td>
<td>35.5%</td>
<td>44.6%</td>
<td>55.2%</td>
</tr>
</tbody>
</table>

Source: IBGE (several years) Censos Demográficos.

In this huge transformation process promoted by state-led developmentalist policies, a large majority of the population of the region has been marginalized, be it the original inhabitants of the region - the indigenous populations - or the migrants from other parts of the country. First of all, one finds the *posseiro*, the small farmer who lives on land without a legal title and who is submitted to the actions by government and large farmers. Often originating from other regions of Brazil or other parts of Amazonia, he has come to the Amazon hoping to find a better life. Some come even from the richer States in the South of Brazil, where new technologies and the focus on export crops such as soya have excluded small farmers who could not afford tractors and pesticides. Poor, uneducated, living in miserable sanitary conditions, the posseiro is often made responsible for the destruction of the rainforest, and seen on pictures cutting fields or setting fire to the forest.

Then comes the *seringueiro*, the rubber-tapper, and other extractors experiencing a similar fate such as Brazil-nut collectors and babassu collectors. As observed above, in the past rubber-tappers worked in semi-servile conditions. Later, small independent production emerged. These people have been integrated in the international markets for centuries, selling their products, but their activities have often been invisible to outsiders. Often, extractors combine several activities: agriculture, cattle-raising, commerce, or *garimpo*. While extraction had always been the most flourishing part of the Amazonian economy, until recently it was regarded as "the drag-anchor on the region’s progress". Until the late 1980s, argue Hecht and Cockburn, "it was not realized that extractive activities, with their associated agriculture, were
superior from an ecological and economic point of view to either colonist agriculture or the raising of livestock." 488

Another familiar actor is the Amazonian political economy is the garimpeiro, the placer miner seeking gold. It is estimated that about 500,000 individual prospectors were directly involved in mining for gold in Amazonia in the late 1980s.489 Garimpeiros are usually young men (between 15 and 25) originating from the most precarious segments of the Amazonian economy. According to Hecht and Cockburn, "given the context of constant and violent confrontation in the settlement zones, the garimpo serves as an important escape valve for the predictable outcomes of the agrarian crisis".490 In their activities, they have often been in conflict with Indians, whose land they invade, with violence the predictable outcome. Garimpeiros are responsible for an important part of environmental degradation through the mercury they use to seek gold (the technique involves passing a slurry of the ore over mercury-coated copper plates to which the gold particles then adhere). Mercury pollutes the air and rivers, going into the food (fish in particular) and water consummed by Indians and the population in general, causing severe nervous and pathological problems. The garimpeiros also bring diseases such as malaria to the indigenous populations, and cases of the devastation of certain tribes have been known (the Yanomami for example).

Finally, come the forgotten lot of State policies, the indigenous populations. Today, out of the 5 million Indians who lived in Brazil at the time of the discovery, the indigenous population amounts to 300,000 Indians, of 180 ethnic groups with different languages and dialects.491 These groups live in conditions ranking from complete isolation from the rest of Brazil to a secular tradition of contacts. While representing only an insignificant percentage of the

488 Hecht and Cockburn (1989:175-7). Hecht and Cockburn define extraction as involving the removal of some part of an ecosystem's material for commercial or domestic consumption in a manner that does not threaten the long-term productivity of the resource, as well as the management of this resource, which is part of the long tradition of popular knowledge. For a history of extraction in Amazonia, see Stephen Bunker (1985), chapter 3.


national population (0.01875 % 492), they occupy about 8% of the national territory. Historically, the Indians had an inferior status in Brazil's legislation. An institution dealing with the indigenous question was already in place in 1910, the so-called Service for Indian Protection (Serviço de Proteção aos Índios, SPI). Until the death of Marshall Rondon in 1958, it was characterized by an idealist indigenism, based on the philosophy of Auguste Comte. Between 1955 and 1967 it suffered a progressive loss of influence which would eventually lead to its extinction and replacement by another institution.493 The Civil Code and the Statute of the Indian (1973) stated the integration of the Indians in the national society and the elimination of their cultural identity as desirable goals. The government agency that now deals with the question of indigenous people is the FUNAI, Fundação Nacional do Índio (National Indian Foundation), which replaced the SPI. Its main task is the demarcation of Indian lands, which according to the Statute of the Indian should have been completed by 1978. This deadline was never met, FUNAI being the example of an under-funded, understaffed and corrupted state agency, incapable of guaranteeing effective protection and land rights to the tribal people, and closely associated to the general government process of tribal disintegration and assimilation into national society.494 FUNAI was inserted in the Executive Federal Power, submitted to the Ministry of the Interior, being thus in the hands of military with no experience whatsoever of indigenous affairs.495 It was only with the promulgation of the 1988 Constitution that the "relative incapacity" of the Indians as minors subject to the legal and administrative "tutorship" of the state agency was abolished.

The military regime's philosophy expressed in the Medici's government slogan "give men to a land without men, give land to landless people" seemed to ignore the existence of an indigenous population. Actually, more than being ignored, the issue was treated as an issue of "national security". According to a study of the Council on National Security (CSN), the

492 If figures are 300,000 Indians of a total population of 160 million.


494 David Tieece (1990:276). A strong critique of FUNAI can also be found in Ianni (1979b:182-3) who sees the agency as "an organ of the economic policy of the dictatorship", aimed at ensuring that Indians "did not constitute an obstacle to 'progress' nor a field of a political action adverse to the economic and political interests represented by the dictatorship". As an "instrument of aggressive aculturisation", it had to subordinate everything to the name of "progress".

495 For a criticism of FUNAI and of the indigenous policy of the Brazilian government, see the different chapters on indigenous people in the volume edited by Jean Hébert (1991).
indigenous question "interferes in an important manner in the pursuit of permanent national objectives, and in particular: national integration - by creating obstacles to the physical, social, economic and cultural integration of the country, especially the indigenous territories located in the border zones in Amazonia. Integrity of the national property - to the extent that it implies, beyond the maintenance of non-alive-borders, the formation of enclaves dissociated from the national community with a risk of formation of future autonomous indigenous territories. Peace - because it stirs up feelings of difference and of racial segregation, of isolation and self-determination, of confrontation and of liberation of indigenous populations. Sovereignty - because it is submitted to a strong foreign influence which harms the free governmental decisions over the relationship among different national groups and its choice on the the best way to value national territories and their natural resources".\textsuperscript{496}

Considering this view, the best solution in the eyes of the military government was thus to assimilate Indians and promote their cultural integration into national society.

One of the major problems the Indians face is the invasion of their lands, especially by gold-diggers. It is estimated for example that over 100,000 people were occupying the Yanomami lands in Roraima by the end of 1988, attracted by the gold rush from all over the country. Indigenous people are also being affected by mining companies activities in general. A decree passed in 1983, decree n° 88.985, authorizes mineral extraction in indigenous territories, be they demarcated or not. The Carajás Program is also putting indigenous lands under growing pressure, affecting some fifteen different tribes gathering about 13,000 people.\textsuperscript{497} It is estimated that indigenous populations are now safe from complete disappearance; they have been increasing in number since the years when the population had dropped to 150,000. Anthropological studies show that, while subjected for decades to acculturating and assimilating pressures, ethnic groups have demonstrated a high level of resistance, maintaining their loyalty to the community and defining themselves as indigenous. However, some tribes are rapidly losing their distinctiveness. As stressed by Darcy Ribeiro, a famous Brazilian


\textsuperscript{497} The railway constructed as part of the PGC only crosses the territories of five tribes: Parakanã, Gavião, Xincrin-Kayapó, Guajá and Guajajara. For more on the impact of the PGC on indigenous populations, see I. Ferraz (1986) Programa Grande Carajás: Avaliação e Perspectivas. São Paulo, Centro de Trabalho Indigenista, mimeo.
anthropologist, cohabitation with Brazilians is steadily eroding Indian culture, making them look more and more like other Brazilians. Nevertheless, they still identify themselves as Indians, and are identified as such by Brazilians. What happens then, argues Ribeiro, is not a transition from the condition of Indian to the one of Brazilian, but one from the situation of specific Indian, living according to his traditions, to the condition of generic Indian, more and more acculturated but still Indian in his ethnic identification. Ribeiro argues that the indigenous populations in Brazil have all the chances to maintain their ethnic specificity. Indians in the Amazon region have of course been more preserved from acculturation than in other regions. Recently, in 1995, two Indians speaking an unintelligible dialect of the Tupi family were found, and it is believed that they had never been in contact with "civilization" before. This leads one to suppose that there could be still other groups which have never been "discovered" and still live in the slow times of their own civilizations. However, the process described by Ribeiro means that acculturation is rather unavoidable. One of the less damaging effects of acculturation is the growing organization of indigenous people and their use of traditional political and legal channels to protect their rights. Indians lobbied Congress at the time of the elaboration of the 1988 Constitution, they have established a national autonomous organization, the Indigenous Peoples' Union (Uniao das Nações Indígenas, UNI, 1980), and connected to the International Union of Indigenous People. They are also learning that their biggest enemies are not the seringueiros or garimpeiros that invade their lands, and that uniting with them might bring some results.

To conclude, state policies have contributed to exacerbate the land ownership polarization, the growing scarcity of land, rural violence and the deterioration of food security as subsistence systems are being destroyed. Peasants, extractors and Indian groups have been left out of both of the modernization and later of the democratization process, and are not enjoying basic citizenship rights. Land conflicts during the dictatorship have been regarded as a question of national security. Land and indian questions were 'militarized' and policy action subordinated to the CSN (Conselho de Segurança Nacional). As a reaction, the


499 Anthony Hall (1991:144-5). Although Hall refers specifically to the effects of the Carajás Program, I believe these conclusions can be extended to State policies as a whole.
conflicts began to take on a new dimension, representing forms of political participation devised by peasants and Indians to secure recognition of their civil rights of citizenship. These sectors started to organize themselves: the National Council of the Rubber Tappers was created in 1985, and the Union of Forest People in 1986, with the support of the progressive sectors of the Catholic Church and of NGOS and activists. These groups are campaigning for the legal recognition of communal landownership as the basis for small family agriculture and for the creation of extractive reserves. The most well-known case is the one of the rubber-tappers of the State of Acre, who have organized *empates*, or "stand-off", a form of peaceful resistance in which men, women and children face the workers hired by timber companies or land owners to clear the forest and ask them to stop deforestation. It is estimated that, between 1976, when they first started, and 1988, 45 *empates* have been organized, succeeding in preventing the destruction of over one million hectares of forest. Despite its peaceful nature, this form of resistance ended up degenerating in increasing violence, as demonstrated by the murder of Chico Mendes in 1988. It is estimated that between 1980 and 1990, over 1000 peasants and the priests, lawyers and union leaders trying to help them have been murdered by the gunmen hired by landlords and fazendeiros. About 99% of homicides arising from rural land conflicts go unpunished.

V.2. Development and the Dynamics of Deforestation

Besides its cruel social consequences, the development model promoted by state policies in Amazonia have had a devastating effect on the situation of the environment. Until the 1980s, the development of the Amazon region was carried out generating gradual and constant deforestation, which was considered as a necessary pre-condition for economic development. Environmental concerns did not play a significant role in decision-making processes. The State carried out a conservative modernization strategy for the occupation of Amazonia, promoting agro-ranching and mineral activities, facilitating them through infrastructural

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development and a vast program of fiscal subsidies and other financial incentives. In terms of environmental impact, the table beneath shows that, while in 1975 only 0.6% of Legal Amazonia had been cleared, in 1988 the cleared area had reached 12% of the territory. From 1988 to 1994, deforestation in the legal Amazonia would further progress from 152,200 km² to 469,978 km², showing a tripling of the deforested area.\textsuperscript{502} Deforestation is the result of the combined effects of state policies and development activities described above. Table 6.4 recapitulates the general causes, both direct and indirect, of deforestation.

Table 6.3 Forest Clearing in Amazonia \textsuperscript{503}

<table>
<thead>
<tr>
<th>Year</th>
<th>Area Cleared (km²)</th>
<th>% cleared</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>28,595</td>
<td>0.6</td>
</tr>
<tr>
<td>1978</td>
<td>77,171.8</td>
<td>1.5</td>
</tr>
<tr>
<td>1980</td>
<td>125,197.8</td>
<td>2.5</td>
</tr>
<tr>
<td>1988</td>
<td>598,921.5</td>
<td>12.0</td>
</tr>
</tbody>
</table>

To conclude, it can be stated that, after more than four decades of interventionism, the State's performance in Amazonia is highly questionable. As pointed out by Fearnside, "using Amazonia as an escape valve for settling landless people spells disaster in both sacrificing the forest and implanting a non-sustainable form of agriculture on a massive scale" (\ldots) "The inability of Amazonia to solve the social problems of other parts of the country must be recognized by national policy-makers".\textsuperscript{504} As Guimaraes concluded in 1986, "intrinsic tensions of ecopolitics have not been well administered in Brazil. Quite on the contrary, the way in which Brazil is administered only aggravates the conflicts, and it postpones their resolution as well". In a situation where on the one side there are organized interests of business, industrialists, corporations and developed pressuring for development, and on the

\textsuperscript{502} Source: INPA (1994).

\textsuperscript{503} Landsat surveys. Figures are for the total of legal Amazonia. Source: Mahar (1989).

\textsuperscript{504} Fearnside (1990:202).
other, a lose group of community-base organizations, local extractors and conservationists, Guimaraes believes the unequal powers of the actors actually renders the situation "non-conflictive". The mediation of the State results only in compartmentalization of environmental problems through bureaucratic expertise, leaving no space for negotiating environmental conflicts.\footnote{While Guimaraes is right in stressing the unequal powers of the actors involved in the conflict, qualifying the situation of "non-conflicting" seems to me a excessive, considering the number of deaths and cases reporting the use of violence in Amazonia and other parts of Brazil.\footnote{A point supporting Guimaraes' assertion is that he writes in 1986, when the country was just returning to democracy, and he is referring to the whole country and not just to Amazonia. Eleven years later the situation of course seems anything but non-conflictual.}} A less problematic assertion is to say that the conflictual situation has not been properly addressed by policies. Actually, as should be clear by now, state policies themselves have provoked and exacerbated these conflictual situations. As stressed above, Amazonian policies were the result of the policy adopted by the techno-bureaucratic alliance, which gave priority to economic development and to considerations of security. It was characterized by a strong sectorialization of policy and by an almost complete neglect of social equity and environmental concerns. By the mid-1980s, when there was a change in government with the return to democracy, an economic recession linked to the debt crisis, a questioning of the role of the State, and a redefinition of Brazil's insertion in the international political economy as a result of globalization, the nature of the determinants of Amazonian policies was transformed.

Developmentalism was the national project that guided policies in Brazil from the 1950s until the mid-1980s. During these years, the developmentalist state carried out with relative success the construction of a modern, urban and industrial society. There was significant foreign participation in the economy, through the triple alliance between national capital, foreign capital and the State, but the economy was in reality closed, with a high degree of protectionism. The economic "miracle" of the 1970s had left the impression that Brazil had in a way defined its own style of development and would eventually transform itself into an advanced industrialized country. Until the end of the dictatorship, geopolitics played a major role in the decisions affecting economic development and the state of the environment. Regarding the Amazon region in particular, the combination of developmentalist goals and the national security doctrine led the regime to appear as particularly concerned with restating its sovereignty and protecting itself against external interference. In the early 1980s, the first environmentalists concerned about the preservation of the Amazonian rainforest met strong resistance from the government. At a diplomatic level, statements by the Brazilian government became increasingly bitter, with a firm rejection of the "internationalization of the Amazon", i.e., the relinquishment of Brazil’s sovereignty over part of its territory. This attitude, which dominated policies for Amazonia in the 1980s, was consistent with the pursuit at the national level of developmentalist goals. Yet, by the mid-1990s, the policy in Amazonia has become particularly "internationalized". The region is now undergoing a unique program of international environmental cooperation, the Pilot Program for Amazonia. Several international instruments are being tested, and international alliances formed to help protect the forest. At the level of the Brazilian government, Amazonia is no longer a taboo issue and the focus on sovereignty has tended to give way to a more co-operative stance. How then did such a process become politically feasible?

Liberal Institutionalists would argue that the explanation for the shift in environmental policy in Brazil is to be found in the recognition of the "global nature" of Amazonia and its rainforest and of the possibilities for international cooperation. The more rational-choice
tendency would point to international cooperation as the only solution to a "global resource" problem, helping to solve market failures such as the underpricing of forest resources. Cognitivist authors would stress the role played by international institutions and by the nascent global forest regime in shaping policy-making in Brazil. They would also note the influence of an epistemic community with shared beliefs in changing the position of the Brazilian government. Finally, Realists would emphasize the pressure exerted by hegemonic countries such as the United States or the European Union on the Brazilian government. They would also explain policy shifts by the growing perception of tropical forests as a strategic issue, because of the role of deforestation in global warming. Both Liberal Institutionalist and Realist explanations are helpful to explain Brazil's punctual policy shift represented by the reversion in the country's "national position" and the acceptance of international cooperation on Amazonian policies. However, my concern here is not merely to explain a change in bargaining positions and in policy measures, nor to concentrate exclusively on state positions and policies. Rather, the aim of the thesis is to develop a critical and historically based approach that would be able to explain the character and the shortcomings of environmental politics in the 1990s and that can shift the emphasis away from state actions or bargainings to state-society relations. I have argued that the key to understanding the transformation of ecology in a market-friendly 'sustainable development' concept is the liberal globalization project. Globalization, that is, changes in the structure of production, finance, technology and knowledge, is redefining state-society relations in a fundamental way. The 'globalization' of Amazonia cannot be seen solely as the result of international negotiations, diplomatic pressure of epistemic communities, as 'problem-solving' approaches do. Understanding 'global Amazonia', the changing dynamic of deforestation, its contradictions and the resistance it is encountering requires an approach that would restore historicity to the analysis and stress the underlying structural factors responsible for social change. The critical IPE approach adopted in the thesis defines the 'globalization of Amazonia' as part of the transformations the Brazilian economy and society have been going through, with the redefinition of the role of the State, and the changes in Brazil's insertion in the international political economy. An analysis of these transformations will enable a better understanding of the determinants of Brazil's Amazonian policy and of the interaction between domestic and international factors in the political economy of environment and development in Amazonia. It will also emphasize...
the uneven character of globalization, the resistance it is provoking and the conflicts that arise in the process of social change.

So far, I have shown the evolution of environment and development policies from the post-World War II period to the mid-1980s. The ecological crisis in the Amazon has been located within the context of developmentalism and the national and international political economy. The previous chapter has underlined the dynamics of deforestation in the Amazon, examined its underlying structural causes, and explained the evolution of government policies affecting the region. The present chapter refers to the period starting in 1985, when a process of restructuring began at different levels: at the political level, this was the time of the return to democracy; at the economic level, it corresponds to the recognition of the exhaustion of ISI and, slowly, to the beginning of a redefinition of the role of the State in the economy, with a gradual change in patterns of intervention, and a move towards market reforms; at the international level, globalization called for a new type of insertion of Brazil in the international political economy. The chapter is divided into three sections. The first deals with the structural crisis Brazil which faced at the end of the 1980s. It examines the configuration of state-society relations prevailing at the time of the return to democracy, and offers a diagnosis of the 1980s crisis, focusing on four points: 1) the economic crisis; 2) the crisis of the State and of the public system; 3) the societal or representation crisis; 4) the national/ideas crisis. This diagnosis explains the conditions under which the reforms of the 1990s emerged.

The second section then examines the shift to market oriented reforms, the liberalization first introduced by the neoliberal Collor administration and redirected, operationalized and strengthened with the Cardoso administration. It explores how these reforms are linked to globalization and to the redefinition of Brazil’s insertion into the international political economy. Finally, the third section critically assesses these reforms, stressing the uneven character of the globalization process. It identifies in which ways the reforms have altered or reinforced the previous pattern of state-society relations. It notes the relative fragility of the reform process, the structural obstacles which have not been addressed such as the unsolved question of redistribution and social equity, and gives the example of land and agrarian reform to show the shortcomings of the liberal paradigm and the resistance it is encountering. The shift in State policies in the Amazon region that happened in the late 1980s, explained in
Chapter VII. Globalization and the State: 1985-1997

Chapter 8, will be related to all these processes, and identified as a result of a specific balance of domestic and international factors conditioned by global change.

I. Diagnosis of the Crisis: the Lost Decade

The 1980s are known in Latin America as "the lost decade". The table below highlights the poor economic performances of the region: per capita income and investments fell, while the debt/exports ratio increased, resources were transferred abroad and inflation reached dramatic levels.

Table 7.1. Macroeconomic Variables in Latin America 1980-1992

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</thead>
<tbody>
<tr>
<td>GDP growth *</td>
<td>100.0</td>
<td>112.0</td>
<td>116.0</td>
<td>118.8</td>
</tr>
<tr>
<td>GDP per capita *</td>
<td>100.0</td>
<td>90.6</td>
<td>92.2</td>
<td>92.7</td>
</tr>
<tr>
<td>Investment/GDP (%)</td>
<td>23.2</td>
<td>15.6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt/exports (%)</td>
<td>2.2</td>
<td>2.9</td>
<td>2.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Net transfer (US$ billion)</td>
<td>-</td>
<td>-14.4</td>
<td>8.4</td>
<td>27.4</td>
</tr>
<tr>
<td>Inflation (%)</td>
<td>54.9</td>
<td>1,185.0</td>
<td>198.7</td>
<td>410.7</td>
</tr>
</tbody>
</table>

Sources: Bresser Pereira (1996:14), based on CEPAL, World Bank, and IDB data.

In Brazil, the rupture in economic performance is even more striking: the country went from being a success story, the country of the "economic miracle", to the symbol of generalized failure: recession and hyper inflation, disorganization at all levels, aggravation of social disparities, increase in poverty indicators, rural and urban violence, development of drug dealing and mafia, exodus of young and qualified people, lack of hope, of projects, and of consensus. The structural crisis of the 1980s was so wide and generalized that analyzing its different components in isolation becomes difficult. The analysis carried out in this chapter borrows the four categories identified by Hélio Jaguaribe: 1) the crisis of the developmental
model characterized by stagnation and inflation and aggravated by the debt crisis; 2) the decline of the public system both at institutional and infra-structural levels; 3) the organizational crisis, characterized by growing corporatist cartorialism; and 4) the modernization crisis, with the increasing backwardness of the scientific-technological capacity.\(^{507}\)

Analyzing separately these categories may appear as rather simplistic, as they are clearly interrelated and mutually dependent. For example, the economic development crisis strengthens the fiscal crisis of the State and hampers scientific and technological modernization. At the same time, interruption in the development of scientific and technological capacity places new obstacles on the way of economic growth. As stressed by Touraine, in Latin America's development style, economic growth, social conflicts and State intervention interact but none of them becomes hegemonic. Social action is defined by an interdependence among categories linked to industrialization, dependency and modernization. In addition, there is no clear distinction between the State and civil society. In Brazil, the State acts both as agent of national integration and as protagonist of industrialization. The developmental model is thus fundamentally different both from models in advanced industrial countries, where civil society categories such as interest, rationalization, classes and representativity play a major role, and from pure State development models, where the State actually holds a hegemonic position, identified with a social and national project.\(^{508}\) Keeping in mind the interrelationship between different categories, the analysis will show how the crisis is linked both to domestic factors with the exhaustion of a pattern of state intervention and to the need to find a new way of inserting the country into the international economy as a result of global change. It provides an account of the four elements defined above as components of a global crisis, which can be broadly defined as a crisis of the state, affecting its nature, functions and functioning.

I.1. The Decline of the Developmentalist Model in the 1980s and the Fiscal Crisis of the State

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Chapter VII. Globalization and the State: 1985-1997

1.1.1. The End of Developmentalism

The relative success of the state in promoting economic growth and modernization explains resistance to change in the 1980s and why Brazil was one of the last Latin-American countries to liberalize its economy and adopt structural reforms. According to Jaguaribe, in the period from 1940 to 1970, Brazil was able to build up "the most modern State of the Third World", which, "in terms of the universality of its norms, of its tributary and allocative capacity, its services of internal and external security, its diplomatic relations and the efficiency of the management of its affairs and of the economic and social interests of the country, is comparable, in a favorable way, to several states in the South of Europe". During the dictatorship, the highly hierarchized social structure, the predominance of a massive state bureaucracy and a territoriality associated to the authoritarian regime converged in a conservative modernization strategy in which the State negotiated with private groups for the maintenance of their privileges in exchange for supporting for its modernizing project from the "top", which excluded the majority of the population.\(^{509}\) This coalition started showing signs of fragmentation as early as the end of the 1970s, when the middle-class withdrew its support for the military regime and supported a populist-based political coalition with the hope of relaunching developmentalism and promoting some kind of income distribution.

The populist coalition which dominated the political scene in the 1980s was, however, unable to consolidate a new developmental and modernization project. The 1980s marked the end of a long cycle of impressive growth, and in the words of Barros de Castro, "the Brazilian economy went from being a success story to suffering an interminable succession of crises". He notes that at the beginning of the 1990s, after the erosion, exhaustion and finally the destruction of the "old renegade regime of state-led development", the Brazilian economy had regressed to a "stage of underdevelopment that it was about to pass in 1980", and the technological gap between Brazil and advanced economies had widened.\(^{510}\) At the end of the 1980s, the exhaustion of a pattern of industrialization which relied on the public sector to socialize the risks of private investment, assuming the debt in exchange of growth at any


De Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil European University Institute

DOI: 10.2870/73863
price, was thus finally recognized. In fact, the model had already been in decline for some time. In 1964, Celso Furtado had noted that "we must recognize that the dynamics of import substitution have been exhausted". As argued by Bresser Pereira (and others), ISI was only a transitory strategy for industrialization, effective only in protecting industry in its infancy: "this model of industrialization is limited by the size of a country’s internal market because tradable goods are produced below international standards of efficiency and quality. Once this limit has been reached, the model has exhausted itself, and industrialization becomes exclusively dependent on growth of the internal market, which in turn grows slowly because of low productivity or the lack of competitiveness of the excessively protected industry". As a mode of state intervention, ISI loses its functionality, and new ways to economic dynamism such as privatization and particularly trade liberalization appear necessary.511 The national crisis of ISI as form of state intervention was combined with the global crisis of Fordism as both a regime of accumulation and a mode of regulation and to the move towards flexible accumulation.

At the end of the 1980s, the urgent problems facing Brazil - both inflation and stagnation - started to be attributed to the malfunctioning of the public sector. As stressed by Baer, "although Brazil’s public sector had been a crucial force in bringing about the country’s industrialization and growth, by the second half of the 1980s, it had become a barrier to further growth and development".512 The fiscal crisis was identified as an important factor to explain the fragility of the Brazilian economy and the roots of the general development crisis. The fiscal crisis of the state can be understood as the state’s difficulty in coping with the growing demands of several sectors of the economy and corresponding social groups. It has five ingredients: 1) a budget deficit; 2) negative or small public savings; 3) excessive foreign and domestic debt; 4) poor creditworthiness of the state expressed in the lack of confidence in the national currency; and 5) lack of government credibility. The most fundamental of these features is the lack of public credit, which means that the state loses its

capacity to guarantee its funding, opening the way to hyperinflation. The table underneath gives an idea of the magnitude of public indebtedness in the 1980s.

Table 7.2. Public Indebtedness in the 1980s (in $US million): Total Debt, Internal Debt and External Debt

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>TOT.</td>
<td>95982</td>
<td>94816</td>
<td>102959</td>
<td>118980</td>
<td>131935</td>
<td>157796</td>
<td>156749</td>
<td>185782</td>
</tr>
<tr>
<td>Fed.</td>
<td>33913</td>
<td>33343</td>
<td>39262</td>
<td>43680</td>
<td>48536</td>
<td>75038</td>
<td>68129</td>
<td>92759</td>
</tr>
<tr>
<td>S+M</td>
<td>13692</td>
<td>12059</td>
<td>13288</td>
<td>15958</td>
<td>18549</td>
<td>19827</td>
<td>21937</td>
<td>27495</td>
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I.1.2. The Debt Crisis: Magnitude and Effects.

The fiscal crisis of the State, as many authors agree (Luiz Carlos Bresser Pereira 1996, Lidia Goldenstein 1995, Monica Baer 1994) originated in the debt crisis of the 1980s. It is also of course linked to the structural inability of the state in Latin America to finance itself through taxation (as will be explained below in point I.2.1), but it was precipitated and deepened by the debt crisis. Some authors actually see in the debt crisis and in the difficulties in adjusting
to the external shock the main cause of Latin America’s crisis in the 1980s. As stressed by Baer, "the violence of the external shock - not only via the elevation of international financial costs and the deterioration of exchange relations, but especially via the cut in external financing - and the adjustment policy implemented to face it implied financial disadjustments in the public sector of such a magnitude that they could hardly be solved through isolated and conventional fiscal policies (increase in revenues and cuts in expenses)". She argues that the problem was not only a fiscal problem, it was a question of the recomposition of the internal and international conditions of the public sector’s financing. The now classical comparison with the case of Korea shows that, while Korea was able to maintain a flux of entry of international capital and to sustain its economic growth, in Brazil the access to foreign capital was brutally interrupted, thus compromising the country’s capacity to pursue its strategic development projects. The accumulation of external liabilities and its financial service ended up subordinating the formulation of economic policy to the needs of balance of payment management and to the adjustment of the public sector. The international shock was internalized in national economic policy through the priority placed on an excedental trade balance, with the aim of reestablishing the international financial community’s confidence and thus ensure the influx of financial resources. To sustain a trade surplus, in addition to the maintenance of export subsidies and restrictions on imports, the main instrument used was exchange rate policy, characterized by a constant and significative devaluation of the national currency in relation to the dollar. The counterpart to this external adjustment strategy was a deterioration of the internal macroeconomic situation, with a perverse effect on the dollarized liability stock. In this context, the State had not only to bear the burden of most of the direct impact of the elevation of international interest rates, it also had to face an aggravated fiscal and financial situation as a result of the exchange rate devaluation which, on the one hand, directly valorized its external liability, and on the other, indirectly resulted in the creation of mechanisms to relieve the private sector of the effects of the adjustment strategy. The two major effects were first a fall in private investments, as they usually evolve in complement to public investments, thus causing a retraction of the

514 See Fanelli, Frenkel and Rozenwurcel (1993). By contrast, neoliberal economists argue that the role assigned to the debt crisis has been over-estimated, and that it is the inherent characteristics of ISI and the role of the developmentalist state which were responsible for inflation and recession in the 1980s.

515 Monica Baer (1993:71 and 79-80). The comparison with Korea has also been made by, inter alia, Lidia Goldenstein (1995).
internal product, and second poor results in public revenues, linked to recession and the rise of inflation. A policy of exchange rate devaluation could have helped to adjust the flux of the trade balance. However, given the stock of external debt and the possibility of further devaluations, not only was there no new capital entering the country, but rather a tendency to capital flight.\textsuperscript{516} To sum up, at the end of the 1980s, the fiscal crisis resulting from the international debt crisis was indicating that the state had lost its capacity to promote economic growth and that it had even become an obstacle to such growth. The awareness of the paradox of a state strong in terms of the prerogatives accumulated, but weak in its capacity for implementation, started to become widespread.\textsuperscript{517}

I. 2. The Crisis of the Public System

1.2.1. The Structure and Functioning of the State

In addition to the fiscal aspect, as well as linked to it, the 1980s unveiled the existence of a crisis in the very structure and functioning of the State. The crisis affecting the Brazilian public system had two main aspects, one related to the structure and functioning of the State, and the other to the political party and electoral system, in its relation to civil society and to the State. As underlined by Jaguaribe, the structural and functional deterioration of the State became visible at the three levels of the Federation: union, states and municipalities. At these three levels, there was a clear loss of rationality, transparency, functionality and efficiency. At the level of states and municipalities, clientelism and irresponsability were even worse. Only a few agencies such as the Itamaraty (Foreign Service), the BNDES (National Bank for Economic and Social Development), the Army (Forças Armadas) and the Ministry of Finance and Planning still perform quality work.\textsuperscript{518}

The crisis affecting the functioning of the state is itself partly a result of the fiscal crisis. As shown by Weffort, by definition, the nation-state has to be able to perform at least four basic

\textsuperscript{516} Monica Baer (1993:101-4 and 116).

\textsuperscript{517} See Bremer Pereira (1996:45) and Aspásia Camargo and Eli Diniz (1989:12).

\textsuperscript{518} Hélio Jaguaribe (1993:12-3).
functions: sustain itself through taxes, guarantee the security of people, guarantee money and contracts, and finally promote social cohesion. In the early 1990s, in all four functions, the Brazilian state was showing signs of disfunctioning. The Brazilian state, as many other states in Latin America, is incapable of financing itself through taxation. A survey of the Federal Tax Agency (Receita Federal) reveals that in 1996 only 7.6% of the 157 million Brazilians presented a tax declaration. Only 11% of the economically active population pays tax on revenue, while the figure can reach 90% in some developed countries. This means that the state cannot guarantee the quality of public services and ensure its function as promoter of social cohesion. The performances in the area of education, health and social rights are derisory. As stressed by Guimaraes de Castro in the area of social policy, public services in Brazil are characterized by a structure of unequal ‘vested interests’ which favors the groups with easiest access to the political and administrative systems, discriminating against the rest. The result of this structure is "an array of social policy programs in deep financial crisis, conducted by a vast ill-paid, centralized, and inefficient bureaucracy, and providing a variety of unequal and discriminatory benefits".

II.2.2. The Party and Electoral Systems

The crisis of the political system in Brazil is in a way linked to social dualism. As voting is obligatory, most Brazilians vote and formally participate in the country’s political life. Yet the majority of the electorate does not effectively participate in modern society, as the State does not guarantee access to basic social, economic and political rights. There is thus a disruptive contradiction between political power and social status quo. In addition, the characteristics of the party system itself tend to aggravate the situation. In the words of Mainwaring, "relative to the country’s level of economic development, Brazil may be a unique case of party underdevelopment in the world". He notes the most distinctive features of political parties in Brazil as being "their fragility, their ephemeral character, their weak roots in society, and the autonomy politicians of the catch-all parties enjoy with respect to

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520 Survey quoted in Veja, 23 April 1997 :118.
their parties". Indeed, the party system which emerged from the democratization process is unstable and highly fragmented. While in neighboring Argentina and Uruguay redemocratization has brought back, in the first case, Radicals and Peronists, and in the second, Blancos and Colorados, in the case of Brazil there was no return to the domination of the PSD-PTB-UDN triad which marked the democratic years between 1945 and 1964. There has been a strong tendency to party indefiniteness and discontinuity, with, on the one hand, the emergence of factions within a party which are soon transformed into new parties, and on the other hand, the frequent movement of deputies from one party to another.

It has been said that Latin American political parties are often capable of organizing elections and of electing governments, but not of organizing governments. The two functions - electing and organizing governments - which are interlinked in countries where democracy is consolidated, tend to be separated in Latin America, where politicians do not consider themselves accountable for the governments they have contributed to elect. In the case of Brazil, the situation went even further, as, for example, in the 1989 presidential elections, political parties were neither able to elect a government nor to organize it. The second round of the election was between two candidates - Fernando Collor de Mello and Luis Inácio Lula da Silva, of the PT - who presented themselves as outsiders, as not belonging to the traditional party system, as a sign of protest against the traditional political establishment. The winner, Collor, resorted to a populist discourse focusing essentially on the fight against corruption, transforming political problems in ethical choices that he, Collor, and not his party, or even Congress, would solve. The victory of old populist recipes in the first direct presidential election in thirty years shows well the disbelief in traditional politics in a context of severe economic crisis.


50 Maria D’Alva Gil Kinzo (1989:92). Kinzo explains this fragmentation by the heritage of the discontinuity and low institutionalization in Brazilian democracy, the singular character of the authoritarian experience, and conjunctural factors linked to the particularity of the country’s transition to democracy.

534 This argument is developed by Francisco Welfort (1992:71), who gives the example of Argentina and Uruguay as countries where parties are capable of electing governments but not of governing. The case of Brazil in the 1989 presidential elections was in a sense exceptional: as the victory of Collor de Mello clearly indicated a distrust of party politics and of the ability of the governing elite to restore development and promote distribution.
The weaknesses of the party system - extremely low levels of party discipline and loyalty - are further exacerbated by the electoral legislation, which reinforces the individualistic behavior of politicians, limits accountability, encourages personalistic and clientelistic styles of representation and contributes to undermine efforts to build more effective political parties. According to Mainwaring, "no other democracy grants politicians so much autonomy vis-à-vis their parties". The system of proportional representation (PR), used for federal and state deputies, has a disaggregating effect on political parties. The system is based on open party lists where the ranking of candidates is not previously established by the party but depends on individual votes obtained by candidates competing under the same party banner. This peculiar system of PR gives the electorate exceptional choice in choosing individual candidates and weakens party control over candidates. Elections are then transformed into a fierce competition among hundreds of candidates, often within the same geographical space, social sector and even the same party, making the construction of well-defined party-identities extremely difficult. On the other hand, the proportionality system favors the emergence of folkloric candidates who become popular through TV propaganda as was the case for Fernando Collor de Mello. It is also highly vulnerable to financial influence as an instrument for the personal promotion of candidates and to buy votes, encouraging massive individual spending and financial corruption.

Finally, the allocation of representatives among the states of the federation creates further disfunctionalities. By limiting to a maximum of 60 the number of deputies from the most populated states, which are also the most advanced (states in the South and Southeast), and by fixing to 8 the minimum of representatives from lowly populated states, which are the most backward, the system results in the over-representation of these states (the states in the North and the Northeast) where the practice of clientelism and archaic forms of electoral behavior are stronger. This distortion in the electoral legislation was introduced in 1977

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525 See Scott Mainwaring (1991:21-3) and Maria D'Alva Gil Kinzo (1989:116). The electoral system in Brazil is based on a mixture of representational formulas, in which most executive offices (president, governors, mayors of cities of more than 200,000 voters) are elected according to an absolute majoritarian system, while mayors of cities of less than 200,000 voters and senators are elected according to the plurality method, and deputies (federal, state and town council representatives) are elected according to proportional representation. The method for determining proportionality is that of the largest remainder.


by President Ernesto Geisel in the so-called "April Package" (pacote de Abril), which increased from 3 to 6 the minimum number of representatives for a state. The aim was to strengthen the representation of his own party, the Arena (Aliança Renovadora Nacional), politically stronger in the North. The distortion was then further amplified by the 1988 Constitution, which brought the number up to a minimum of 8 representatives. In the present system, a voter in Roraima (North) has an electoral power equivalent to the vote of 34 paulistas (inhabitants of Sao Paulo) and to 20 gaúchos (Rio Grande do Sul). To conclude, at the beginning of the 1990s, democracy in Brazil still appeared insufficiently consolidated. Brazil’s institutional arrangements, which comprise weak parties, a weakly institutionalized and fragmented party system polarized at the elite level, and presidentialism, are generally unfavorable to democratic governance. In addition, the nature of parties and the party system not only affects democratic stability, it also influences the representation of popular interests, privileging the wealthiest sectors of society which have greater access to informal routes to political influence than popular organizations. Finally, it affects economic development, as it undermines efforts to win congressional support for programs and for state reforms necessary to ensure development. As has been observed, mass democracy in Brazil seems to be traditionally more dependent upon the media, large state and private bureaucracies and large civil society organizations such as the Church and unions than on representative political institutions such as party and party systems. As noted by Touraine, Brazil and Latin America in general are still in a period of transition from a democracy of participation to a democracy of representation, where social demands are effectively translated into political action. The link between political democracy and social democracy is still weak.

I.3. The Societal/Organizational Crisis

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528 In Sao Paulo a deputy needs 26,000 votes to be elected to the Federal Congress, while in the state of Acre only 4,000 votes are necessary. This system encourages the transfer of candidates with little chance to be elected in their home states to move to the Amazon region. Original of the state of Maranhao, ex-president José Sarney was elected to the Senate with only 53,000 votes by the state of Amapá. See Veja, 21 May 1997.


530 See Francisco Welfort (1992:139 and 104) and Alain Touraine (1988) part 5, chapter 2.
Third, the 1980s have revealed the existence of an organizational crisis in Brazil. State-society relations in Brazil have traditionally been marked by corporatism and clientelism. According to Hagopian, the political system in Brazil was based on state control upon society in two manners: functionally, through corporatism, and territorially, through clientelism administered by weak and non-ideological parties. Corporatism has long existed in Brazil, with origins in the authoritarian ideology which prevailed in the 1930s with the installation of the Estado Novo dictatorship by Getúlio Vargas. Corporatism is often analyzed according to Philippe Schmitter's typology which differentiates between state corporatism, associated to authoritarian regimes, and societal corporatism or neo corporatism, characteristic of liberal democratic European societies in the post-War period. According to Schmitter, in Brazil, traditionally, the interests of civil society were kept segmented and weak and were subject to state control by corporatist labor laws and institutions that prohibited plural representation and competition among organizations for membership. Brazilian corporatism was essentially of a statist form, although it served different interests at different times. Actually, corporatism in Brazil is better understood as a hybrid kind of combination of societal corporatism for the relations between capital and the state, and of state corporatism for the organization of the working class. During authoritarian years, it proved to be an efficient instrument of control at the service of government and entrepreneurs. With the return to democracy, it constituted a privileged channel for the access of union leaders to state agencies, becoming channels of pressure.

Hélio Jaguaribe has talked of a "Cartorial State", a state which, under the appearance of a rational organization of the public service, allegedly commanded by functional criteria, in reality distributes positions and privileges to a political clientele or to friends and family of public leaders, in return for votes and political support. He has shown how cartorial groups acquire parcels of public power that give them control over strategic sectors and influence the regulatory action of the state to the detriment of collective interests, creating

532 See Philippe Schmitter (1971) and (1979).
533 Maria Hermínia Tavares de Almeida (1994:54-5).
niches of immunities and privileges. The Brazilian modernization process has been accompanied by the consolidation of corporatist interests - of entrepreneurs, of the middle class and workers - who gained immunities and prerogatives of a cartorial type, becoming an obstacle to the fluidity of inter-sectorial relations in society, to the detriment of democracy. As stressed by Weffort, the history of the Brazilian state since 1930 has been not only one of growing intervention in the economy, but one of growing "privatization of the state". In this privatization of the State, public policy management is driven by a private bureaucracy which, in practice, had represented business since the time of the authoritarian regime. Public bureaucracy was destroyed while state firms' corporatism increased, showing the exacerbation of the utilitarism and privatism of new elites.535

This corporatism includes not only civil servants' corporations but also the influence within the state apparatus of private entrepreneurs, from the most traditional to the most modern. With the return to democracy, social movements and associations have become stronger, and unions and employers representation are now well established, indicating a possible move towards a more pluralist system of interest representation. However, according to Costa, there has been a process of consolidation of a sectorial type of corporatism, meaning that corporatism does not imply the participation of associations representing the interests of classes within the relevant decision-making arenas, but rather a participation limited to the most organized sectors within a certain category. There are no mechanisms of intersectorial articulation that would allow for the emergence of common interests within a category. In this sense, the consolidation of sectorial corporatism is limiting political participation to the strongest and best organized workers, in a growing differentiation of the working class.536

Examples of sectorial corporatism include from the powerful Federation of Industry of the State Sao Paulo (FIESP) (in this case the "sector" is geographical, Sao Paulo), the automobile industry grouped in the Autolatina consortium, and civil servants known in Brazil as marajás (a reference to the privileges enjoyed by the maharajahs in India), to workers in large state owned companies (Petrobrás), agencies (Banco do Brasil), or metallurgical workers in the State of Sao Paulo... Metallurgical workers in the state of Sao Paulo for example, have

536 The argument of the consolidation of sectorial corporatism is developed by Vanda M. Ribeiro da Costa (1994:64).
created their own central union, *Força Sindical*, which favors direct collective bargaining and establishes alliances with political parties and state bureaucrats. Demands of this union often went well beyond those of other sectors or regions. Cartorial corporatism has thus allowed some of these groups to abuse their power, imposing their interests on their respective sectors and on society as a whole. As a result, the state is growingly captured by the special interests of rent seekers.

Finally, clientelism is still a major feature of Brazilian political life. Hagopian has shown that state-led capitalist development and the expansion of the state’s role in production, regulation and distribution has led to an expansion of clientelism in that it enhanced both the state’s resource base and the number of clients dependent on state programs, at the same time that more competitive elections made the resort to clientelism more compelling. The developmentalist economic model which transformed Brazil from an agrarian to an industrial society changed the character of clientelism: from a fundamentally private affair between lords and peasants, clientelism became a state-based system. Developmentalism thus provided a new basis for traditional domination and for the power of oligarchies. In this sense, argues Hagopian, by leading a negotiated transition away from authoritarian rule, traditional political elites secured prominent positions within the post-authoritarian state and political system. Today, its political strength acts as a brake on a genuine opening of the Brazilian political system.

### 1.4. The Crisis of Modernization and Ideas

Finally, the crisis of the 1980s is also a crisis in Brazil’s modernization process: in the period after World War II, the country went through a process of intense economic modernization...
which was based on and dependent upon a scientific-technological modernization. In this period, the country experienced a rather successful development of its own scientific-technological capacity. This success resulted from the combination of contributions from different sectors. The private sector invested in research. The public sector invested in the improvement of the university system and the formation of high level scientific centers such as the Military Institute for Informatics (IMI) or the Institute for Applied Technology (ITA). Brazil had been able to develop its own informatic sector, it had its own nuclear program, and in a few areas it could rely on advanced and efficient technology. This process was interrupted in the 1980s, damaging the endogenous capacity of innovation, while at the same time widening the technological gap with developed countries which were entering the Third Industrial Revolution.

To sum up, at the end of the 1980s, after the return to democracy, Brazil was facing a generalized crisis, a crisis affecting its economic model, its mode of state intervention, its political structure and functioning and the organization and reproduction of society. Many countries were facing similar problems at that time, and they would be further stressed by economic globalization. Yet, in Brazil, the depth and length of the crisis are explained further by the conjugation of the changing international economic environment with globalization, and the collapse of the developmental model which had until then oriented successfully the construction of a modern urban and industrial society. Brazil's reaction to global change in the 1990s is particularly interesting to analyze. First, the problem of lack of governability presents itself with more gravity in economic systems still in formation, as with those of underdeveloped countries. The process of formation of the national State is interrupted with globalization, while the homogenization in the levels of productivity and of producing techniques which characterize developed countries has not yet been accomplished. Second, Brazil is trying to develop a nationally-oriented response to globalization, at least at the level of the official political discourse. This transformative process of the Brazilian state is the focus of the next section.


II. The Transformative Process in the 1990s: Brazil's Response to Global Change

In the 1990s, the orientation of economic policies in Brazil was radically reversed, with a shift from developmentalism. With the Collor de Mello administration, neoliberalism became the official ideology guiding economic policy and the "Washington Consensus" policy mix started to be applied. The Cardoso administration instituted a more socially-aware policy framework, but still based on economic liberalization, privatization and state reform. After having analyzed the conditions which made this shift possible, this section will now look at the policy transformations introduced in the 1990s and evaluate how these changes are related to globalization. It will consider the direct connections between globalization and the reforms, such as the need to attract FDI and to appease trading partners and multilateral institutions. But it will also attempt to answer the following questions: first, are the adjustment reforms being implemented "neoliberal" reforms? And second, is the state at the center of the formulation and implementation of the adjustment strategy?

II.1. The Global Link: Brazil and Globalization

Globalization is now a concept which is increasingly common in Brazilian political discourse. The President, politicians, businessmen often refer to it. It is true that this phenomenon is valid worldwide. Globalization is now used to justify all sorts of arguments and policies and, as a result, it has lost most of its sharpness as an analytical tool. As ironized by Brazilian political scientist Bolívar Lamounier, "in the past everything was the fault of the 'elite', an esoteric and powerful creature, who can now also be called globalization".542 The influential news magazine Veja has dedicated an issue to the topic of globalization. It quotes President Cardoso, who gives the following appreciation of globalization: "Globalization is multiplying wealth and unchaining productive forces in an unprecedented scale. It has made universal values such as democracy and freedom. It involves several simultaneous processes: the international broadcasting of news, networks such as Internet, the international treatment of issues such as the environment and human rights, and global economic integration".543

543 In Veja edition n°1438, 3 April 1996. The translation is mine.
Taken out of context, the quotation could be understood that the President has a naive view of globalization as a process that will only bring advantages to Brazil, but it is not so. The quotation is more illustrative of the fact that the Brazilian government acknowledges the imperative of globalization and is reacting to it. Cardoso claims that "Brazil is a fore runner of globalization, not a late-comer". The Brazilian state, at least since the Collor government, has been actively fostering the process of economic globalization. Actually, fostering globalization in a way that would benefit Brazil is today seen as the only way out of the crisis. Fostering globalization implies overcoming the model of state intervention which has marked the country's economic policy for decades.

In Latin America, the stabilization programs and the reform of the public sectors are directly linked to economic globalization: they are facilitated by it and contain the goal to prepare once closed economies for the interdependence of the globalization era. It is the narrowing of ideological alternatives and of policy choices at the world level which explains the support for stabilization programs in the 1990s. The unviability of the state-led development model only became widely accepted at the beginning of the 1990s, when there was concrete political support for a shift in the mode of intervention. The crisis called for a change in the role of the State, a shift away from Fordism with demands for a more flexible type of social organization, more open to internationalization, decentralization, debureaucratization and privatization. From the time of the new Constitution in 1988 until the mid-1990s, there was a learning process influenced by the different battles against inflation, the important changes at the international level and the collapse of centrally-planned economies, which made possible a convergence between liberals and social-democrats previously inconceivable.

Lamounier has shown that in the National Congress, the "Statist" group today is a minority (91 deputies). The "Liberals", who want the State out of the production of goods and services and want to abolish monopolies and privatize all state entreprises, form a group of 119 deputies. Finally, there is a "centrist" group, an intermediary group made up of 177 deputies, who accept the reduction of the traditional pattern of state intervention, but subject to a case-
by-case analysis. There is thus a majority in favor of State reform and supporting the stabilization program.

II.1. The "Political Approach" to the Crisis: Hesitations and Conjunctural Responses in the 1980s

Brazil spent most of the 1980s giving conjunctural responses to the crisis, trying successive plans, a "heterodox shock" (Plano Cruzado 1986), then a liberal shock (Plano Collor 1990), but without the needed change in its aging industrial structure and a redefinition of its development strategy. A change in policy was also hindered by the domestic political context. It was exactly at the time of the return to democracy in the mid-1980s, with high social expectations, that the State was constrained to administer a drastic reduction in public spending. There was great pressure on the democratic government to pursue distributive and expansionist policies. The coalition that was governing the democratic transition was itself a populist coalition, which aimed at consolidating the Welfare State and strengthening social policies. In the fluid political environment of transition from authoritarian rule and in the context of economic recession, no economic adjustment program could easily obtain solid political support. The main concern for both politicians and intellectuals is captured in the slogan which dominated the period: "No to recession and unemployment". This explains why most policies in the 1980s were still inspired by populism and why the preferred programs to fight inflation and recession were heterodox plans.

All through the 1980s, there was a shared feeling in Brazil that the crisis facing the country was more of a political crisis, linked to the lack of consensus between political actors on the orientation and the economic model to give to the country. This vision was partly inspired by neoclassical economics and by the 'Washington Consensus', which, believing that markets are capable of ensuring the optimal allocation of resources and maintaining the economy in equilibrium, locate the source of economic problems exogenously, outside the markets, that


is, in the realm of political power. But this vision was also supported by political economists who perceived political problems as endogenous obstacles to economic reforms, resulting from the dynamic interaction between political and economic factors. On the basis of the recognition of the political essence of the crisis, all kinds of political solutions were attempted, from the convocation of a new Constitutional Congress (1987-88), to a presidential election which provoked high expectations (1989) and finally to a plebiscite on the eventual adoption of parliamentarism or even a return to monarchy (1993), all without success. The new Constitution promulgated in 1988 indicated an important move away from the particularistic-meritocratic model which had dominated from 1930 until the 1970s towards a redistributive-institutional model. As far as social rights and environmental protection are concerned for example, the Constitution appears as one of the most progressive in the world, as translates the desire of finally "paying the social debt" which had been neglected by the military government. As such, it has been described as a generous "will" of the developmentalist and populist period. Unfortunately, the progressive character of the Constitution was never effectively translated into real policies. At the beginning of the 1990s, the situation had reached a paradox in which, as portrayed by Guimaraes de Castro, "while for the first time in recent history institutional conditions favor the construction of a more egalitarian social welfare state, the economic crisis has been imposing a new agenda of reforms before the implementation of many of the social reforms established in the Constitution".

The political project of the so-called New Republic (1985-1989) was thus based on economic populism, though the succession of economic plans included mixtures of different measures and instruments. A good and sadly ironic summary of economic policies in the New Republic in the years 1985 to 1992 is given by Moura. (..) "The economic chronicle of the New Republic shows a succession of plans aiming at stabilizing the economy which were a

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547 The hypothesis of the political origin of the economic crisis is borrowed from the analysis and critic elaborated by Bresser Pereira and Nakano (1995:10-2). The authors suggest as an alternative considering the political and the economic spheres as intrinsically and dynamically interrelated.


complete failure in terms of stabilization, not to mention their poor record as far as growth and income redistribution are concerned. Worst of all, they affected credibility in the sense that economic decisions increasingly tended to be viewed as a war game among economic agents, in which mutual distrust reigned between the main partners - the government, the private firms and the workers". During this period, economic policy-making was a "type of non-cooperative, non zero-sum game among many agents, in which the dominant strategy of the main actors consisted of a series of surprise attacks designed to stabilize the economy. Not one of the six successive interventions (...) produced the intended results". Inflation has been - and to a certain extent still is - a major concern of all governments in Brazil since the 1980s. During most of this period, Brazilian inflation seemed to have a dynamic of its own, resisting the deflationary pressure of recession and unemployment. In 1985, inflation reached 235.1 %. The vision which oriented economic policy in the first years of the New Republic was that the Brazilian inflation was essentially inertial. The inflationary inertia resulted from the indexation mechanisms for the monetary correction of prices, wages, exchange rates and financial assets, which tended to propagate past inflation to the future.

The first and most well-known of the New Republic's economic stabilization plans was the Cruzado Plan launched by the Sarney administration in 1986. The Cruzado was a heterodox stabilization plan based primarily on a price and exchange rate freeze, monetary reform with the introduction of a new currency (the cruzado), abolition of indexation for periods under one year, adoption of tablitas (discount tables) to discount future inflation and an expansive real wage policy. The Cruzado Plan had actually a strong and symbolic political meaning. It was a dramatic attempt to rehabilitate the State as an agent capable of interfering in and regulating the distributive conflict that penalized the majority of the population. Despite a successful start, the plan proved unable to control inflation on a long-term basis and the euphoria of the first months was replaced by a concern about recession. With the failure of the Cruzado, the first fracture in the developmentalist consensus was introduced.


551 Eduardo Modiano (1990:347-9). The two works which have greatly influenced the economic debate on inflation at that time were Persson Arida and André Lara Resende (1985) "Inertial Inflation and Monetary Reform in Brazil" in J. Williamson (ed) Inflation and Indexation: Argentina, Brazil and Israel. Boston, MIT Press; and Francisco L. Lopes (1986) O Choque Heterodoxo: Combate a Inflaçao e Reforma Monetária. Rio de Janeiro, Campus.

552 The political significance of the Cruzado Plan is underlined by Rubem Barboza Filho (1996:24) and by Maria Hermínia Tavares de Almeida (1996:222).
After a change in the economic team, the Sarney administration launched the Bresser Plan (named after Finance Minister Bresser Pereira) in June 1987, another unsuccessful heterodox plan, although less ambitious than its predecessors. In 1988, a more conventional approach was adopted with fiscal, monetary and exchange rate policies aiming at stabilizing inflation with the "rice and beans" policy of Minister Mailson da Nobrega, which ended up combining a zero GDP growth with a 684.6 % inflation rate in 1988.553 Another heterodox plan followed, the Summer Plan, a sort of re-enactement of the Cruzado, abandoned already in 1989. From then until March 1990, when the new president took power, no clear policy was designed. The inflation rate for 1989 was of 1,288 %. From 1986 to 1991, the average unemployment rate rose from 3.56 to 4.72, while the monthly real wage rate fell from 109.0 to 78.3 and the Gini index of income concentration increased.554 After this waltz of hesitations between heterodox and orthodox measures aiming at fighting hyper inflation, a clear option was made in favor of liberalization with the advent of the Collor administration.

II. 2. "Globalizing" Brazil: The Liberalization Reforms

II.2.1. The Collor Administration

In 1990, when Fernando Collor de Mello became Brazil’s first elected president in thirty years, there were strong constraints on the Brazilian state’s ability to direct the country on the path to growth and modernization. First, it had become urgent to restore a good relationship with the United States in order to renegotiate the country’s foreign debt. Brazil-US relationships had worsened under Sarney’s presidency, especially after José Sarney decreed a moratorium on Brazil’s foreign debt in 1987.555 Trade disputes and disagreements in the sector of informatics, due to Brazil’s policy of "reserved market", for example, were also undermining the possibility of a closer relationship with the US. Collor placed a priority on the restoration of Brazil’s external credibility, which for him constituted the essential element

553 Allmar Moura (1993:10).


555 The Brazilian government suspended interest payments on its debt in February 1987. The moratorium followed the failure of the government's economic program and its lack of success in persuading the governments in the developed countries to negotiate a political solution to the debt crisis. See Howard Lehman (1993) and Philip O'Brien (1991).
that would allow for the entry of foreign investments, economic stabilization and, coupled to economic liberalism, would promote the return of growth. It was thus the Collor administration that effectively opened Brazil to globalization and buried years of state-led developmentalism and protectionism. The opening to globalization was not a real choice, as global constraints had clearly eroded the state’s ability to promote heterodox redistributive programs. However, when Collor took power and announced his liberalizing and liberal program, there was no real awareness in Brazil of the impact that globalization would have. The country had been concentrating on its internal political turmoil and put itself in a rather isolated position, confirmed by Sarney’s nationalism expressed in the moratorium and other isolationist economic decisions. Collor reversed this tendency and acknowledged global change as the new economic reality Brazil had to cope with. The 1990s started as the decade of a globalized Brazil.

The reforms introduced by the Collor government (1990-1992) thus marked a major turn towards neoliberalism. They included an administrative, property and fiscal reform of the State, the renegotiation of the foreign debt, an opening of the economy, price liberalization, wage deregulation, and the absolute priority to the market as orientation and path to the new international economic integration and institutional modernity. For the first time, the efficiency of the developmentalist state was questioned at the level of the government, and the issue of changing patterns of state intervention was placed decisively on the political agenda. The reform of the State, associated with market-oriented and structural adjustment reforms, was seen as the main road to economic stabilization. As had been expected, Collor launched a major economic program to fight inflation and stabilize the economy, known as Collor Plan. This plan was probably one of the most surrealistic economic plans ever launched in Brazil (and there is harsh competition..), including even a confiscation of people’s savings in the name of the fight against inflation. This measure hit severely the lowest segments of the middle class who kept savings as a protection against future uncertainties, while the richest segments had developed other more lucrative forms of protection against inflation such as overnight applications and other investments. The Collor presidency was interrupted after two years with the president’s impeachment, resulting from his role in a major corruption scandal. His vice-president, Itamar Franco, assumed the presidency. Although he continued many of the reforms introduced by Collor in terms of privatization and
liberalization. Franco’s lack of leadership and his populist convictions rather slowed the reform process. Given these events, it was only when Itamar Franco named Fernando Henrique Cardoso his finance minister that a clear direction was given to economic policy. With the promulgation of the Plano Real by Cardoso’s team, the liberalizing orientation became more solidly anchored.

II.2.2. The Real Plan

Brazil was the last Latin American country to stabilize high inflation. Inflation, which was around 900% for the region in 1990, fell to around 16% in 1994. Despite the harsh attack launched by the Collor administration, Brazil was still facing very high inflation until the Real Plan was enacted in July 1994. The Real Plan, announced by Fernando Henrique Cardoso in December 1993, had three stages: first measures to reduce the budget deficit, then the introduction of a unit of account for economic and financial calculations that would be stable in real terms, the URV (Unit of Real Value), and finally the conversion of this unit of account into the new currency of the country, the "Real" (which means royal in Portuguese), at a semi-fixed par rate with the US dollar. The control of inflation was achieved without recession and without price controls. The Plan had high rates of public approval and has given the presidency to the finance minister who had launched it. The economic team that formulated the Real Plan had identified the disequilibria of the public-sector accounts as the fundamental cause of Brazil’s chronic inflation. Adjustment of the public sector accounts had started even before the Plan, including cuts in the 1993 budget, renegotiation of the debt of states and municipalities with the federal government, and renegotiation of the Government’s debt with foreign banks. The decline of inflation was dramatic: it was brought down from about 2,500 in 1994 to an estimated 10.03% in 1996, the lowest annual inflation rate in almost fifty years. Inflation is expected to slow down to 5 or 6% in 1998.

The sudden end of high inflation affected all holders of money but especially the poorest who had been less able to preserve the value of their money through indexed financial operations, and fostered a surge in the demand for consumer goods. The Government has also succeeded in getting the Congress to approve a constitutional reform cancelling the difference of treatment between national and foreign firms. It has put an end to state monopolies in the areas of telecommunication, mining, shipping, and oil, and has actively tried to attract foreign capital by guaranteeing the stability of the new currency, the *real*, and by maintaining one of the highest interest rates in the world. Finally, it has restricted the social security system and reformed the status of civil servants, while decreasing its social budget. Since the Real Plan, the Brazilian economy has grown 13.8%, with 4.2% in 1993, 6.0% in 1994, 4.1% in 1995 and 3.7% in 1996. It is estimated that the country will grow 3% in 1997. Since the Real, the average growth rate has been of 4.4%, against an average of 1.5% for the period from 1981 to 1993. This has more than compensated the fall in per capita product of the previous thirteen years: from 1994 to 1996 per capita product has grown 9%. The conjunctural success of the Plano Real is, hence, rather appreciable.
All these elements have received a strong support from international lenders and organizations, who congratulate Brazil for "the emphasis on the irreversibility of the liberalization process". As Lamounier indicates, there is a shared vision, both in Brazil and abroad, that stability today is more or less achieved. The country has overcome periods of extreme turbulence - such as the impeachment of president Collor de Mello - and shown the institutional resistance of its democracy. Brazil has reconstituted its political capital, its capacity to realistically pursue the goals of stability and reform, and to operate strategically, with calculated objectives in the short and long run. Today, political reform is no longer discussed, and there is widespread support for the reforms. According to a recent survey, 73%
Federal Privatization 1991-1997 per sector

- Mining: 19%
- Petrochemicals: 16%
- Electricity: 17%
- Steel: 32%
- Railways: 9%
- Others: 5%
- Fertilizers: 2%
of the people interviewed thought that 1996 had been a very good or a good year, and 79% were confident that 1997 would be good or very good. In addition, 54% stated that the Real Plan had improved their lives.\textsuperscript{560}

II.3. Analysis of The Reform’s Implementation

II.3.1. Privatization

II.3.1. The Privatization Program

The privatization program has now been in progress for some time. The National Program for Destatization was established in 1991 by the Collor administration, which for the first time

\textsuperscript{560} Survey commanded by the National Confederation of Industries to the Ibole Institute, quoted in the newspaper \textit{Jornal do Brasil}, December 12th 1996 :1.
presented privatization as a solution to fight public deficit, improve public services and modernize the economy. At the beginning of 1995 the National Privatization Council was created. Ministers of State participate in the Council and decisions are made at the highest level and reported directly to the President. The National Bank for Economic and Social Development (BNDES) plays the role of administrator of the privatization program. During the first phase of the privatization program, the emphasis was put on the privatization of industries. From 1991 to 1996, 42 companies were privatized, mainly in the steel and petrochemical sectors, bringing US$ 14 billion into the Treasury. The second phase has now begun with the goal of transferring to the private sector companies providing infrastructure and public services. This includes, inter alia, the Federal Railroad Network, energy distribution companies (such as the 'Light' of Rio de Janeiro) and hydro-electric power stations. The target for 1997 is of US$ 10 billion in privatization revenues, covering mining, the remaining state-owned railroads, electricity, ports, warehouses and gas.

Table 7.3. The Privatization Process Before FHC’s Mandate: 1979-1994

<table>
<thead>
<tr>
<th>Mandate</th>
<th>Nº of firms</th>
<th>Total value US$ million</th>
<th>Nº of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>J. Figueiredo (1979-85)</td>
<td>20</td>
<td>188.51</td>
<td>4.864</td>
</tr>
<tr>
<td>I F. Collor de Mello (1990-sept92)</td>
<td>18</td>
<td>3.397.880</td>
<td>43.469</td>
</tr>
<tr>
<td>Itamar Franco (1992-4)</td>
<td>16</td>
<td>11.800.00</td>
<td>50.157</td>
</tr>
</tbody>
</table>

Source: Tavares de Almeida (1996:219), based on data by the Secretaria Executiva do Conselho Federal de Desestatização and the BNDES.

II.3.2. An Example of Privatization: the CVRD

The *Companhia Vale do Rio Doce* (Rio Doce Valley Company, CVRD) was transformed in 1997 into the banner both of the government, who wanted to sell it, and of the opposition.
### Table 7.4. Federal Privatization Program 1991-1997 (US$ billion), by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Before the Real Plan</th>
<th>Since the Real Plan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Productive Sectors</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steel</td>
<td>7,185</td>
<td>703</td>
<td>8,188</td>
</tr>
<tr>
<td>Petrochemicals</td>
<td>2,908</td>
<td>793</td>
<td>3,700</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>494</td>
<td>494</td>
<td>494</td>
</tr>
<tr>
<td>Mining</td>
<td></td>
<td>7,586</td>
<td>7,586</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Infrastructure and Public Services</strong></td>
<td>741</td>
<td>4,955</td>
<td>5,416</td>
</tr>
<tr>
<td>Railways</td>
<td></td>
<td>1,477</td>
<td>1,477</td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
<td>3,478</td>
<td>3,478</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td>461</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,627</td>
<td>14,037</td>
<td>26,125/</td>
</tr>
</tbody>
</table>

Source: BNDES

who did not. It has a great political and ideological meaning, being a "set-piece confrontation between old-fashioned economic nationalists and 'globalisers'". It is an efficient, profitable and gigantic firm, one of the last great industrial complexes for sale in the world. CVRD has become Brazil’s main foreign currency earner, by exporting its products and services to a large number of countries all over the world. Holder of 58 firms, in 1996 the CVRD complex generated a revenue of 5 billion reais. It is the greatest exporter of iron steel in the world, the leader in the gold production in Latin America, it explores manganese, bauxite, and is opening a large copper mine in the state of Pará. It is associated to the largest steel industries in Brazil, to aluminium and pulp and paper industries. Finally, it has an incomparable transport logistics system: two railways, nine ports (one in the US) and twenty cargo ships, which allow it to extract pig iron from Amazonia and ship it to Japan at a competitive price. The delivery system is the most coveted part, having made profits of 1.8 billion reais in 1996. After a process marked by protest and demonstrations which brought thousands of workers, students and political activists to the streets of Rio, CVRD was finally sold in the first week of May to a consortium led by the Brazilian steel company CSN (Companhia Siderúrgica Nacional), which was itself privatized in 1993. With this sale, former


finance minister Roberto Campos commented "another nationalist myth has been exploded". The discussion around the privatization process was however very interesting. The critics of the privatization had several arguments. The first and most obvious argument was that the CVRD was a very healthy, efficient and profitable firm, and that there was no need to sell it. Second, the price set by the government was far too low. CVRD was sold for US$ 3.15 billion, while some economists estimated that its real value was at least US$ 14 billion. There was also the argument that there are still many unknown potential reserves in the CVRD complex that could be worth millions. Finally, several critics argue that CVRD, because of its strategic position, was one of the few instruments at the service of Brazil to insert itself efficiently in the globalization process, one way for Brazil to gain advantages in the international political economy.

II.3.3. Deregulation and the Reduction of the "Brazil Cost"

The Real Plan has placed as a central objective the reduction of what has come to be known as the "custo Brasil", the "Brazil cost", i.e., the cost associated to the additional expenses business encounters in Brazil because of inefficient or unproductive practices. The reduction of the Brazil cost is meant to be achieved by measures aiming at the fiscal unburdening or exports, the lowering of cost export activities, the reduction of financing costs for overall productive investments and agriculture, as well as price reduction in the field of infrastructure through the privatization program and the flexibilization of state monopolies. By lowering the "Brazil cost", the goal is to increase both competitiveness of domestic production and the inflow of direct investment in the Brazilian economy. As stressed by the Secretariat of Economic Policy, "the importance of lowering the 'Brazil cost' is magnified when understood as an opportunity for restructuring the productive apparatus, aiming at supporting the stabilization program and the opening of Brazil's economy".

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564 These arguments are developed by people as diverse as ex-president Itamar Franco, left-wing economist Maria da Conceição Tavares, nationalist Air Force General Ivan Frota, a senator of the PT, the president of the Order of Brazil's Lawyers and a respected physician. See Veja, 30 April 1997:106-9.

Because of the populist and developmentalist character of the 1988 Constitution, the liberalizing and globalizing reforms introduced by Cardoso required a constitutional reform. The White Paper on State Reform was elaborated by the Ministry of Federal Administration and State Reform and approved by the Chamber of State Reform at a meeting held on September 21, 1995. It was then approved by the President of the Republic. In 1995, the Brazilian Congress gave a majority vote in favor of the proposals of the Executive for the amendment of the Constitution, approving the reforms related to the economic order, designed to reduce the government’s role and to allow greater participation of the private sector (both Brazilian and foreign) in areas such as energy, oil, telecommunications, gas distribution, mining and transportation. The monopoly of Petrobrás, the National Oil State Company, was eased. Constitutional reforms touched four main areas: 1) the reform of the fiscal and tax systems, to remove the burdens on production, investment and exports; 2) the reform of public administration, to cut expenditures; and 3) the reform of the social security system to reduce expenditures and increase the rate of domestic savings; and 4) the reform of the pension system. Constitutional amendments require a 60% vote of Congress. At the moment, the government is endeavoring to have Congress approve the Constitutional reform. A lot of energy has been spent on guaranteeing Cardoso’s possibility to stand for a second term of office (which also required a constitutional amendment). Efforts are now concentrating on getting the reforms approved before the start of the 1988 presidential campaign.666

II.3.4. Foreign Investment

One of the basis of Brazil’s current economic policy is the idea that a country’s power depends on its economy’s competitiveness. The resort to private capital, in particular foreign private capital, is thus seen as the only mean to compensate for the exhaustion of the state’s capacity to finance those productive investments necessary to successfully insert the country

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666 For example, the civil service reform has three aims. The first one is to control public service wages. A maximum of R$ 10,800 (per month) has been fixed (except for legislators). The second goal is to allow governments to dismiss workers when payrolls exceed 60% of the total revenues, both at federal, state and municipal levels. The Union is forbidden to repass funds to states and municipalities to pay their civil servants. Moreover, wage increases can only happen once a year and according to a law. Finally, the reform breaks a system whereby uniform employment terms apply across all branches of government. The reform puts an end to the institution of civil service’s “stability”, i.e., job security, a principle dating back from the 1934 Constitution and maintained ever since, according to which public employees hired on the basis of a competitive entry examination could not be sacked after working for two years. The reform was approved in the first round by the lower house on the 9th of April 1997 by 309 votes to 147. It still has to be approved in second reading and then in two readings by the Senate, before it becomes law. The battle will probably prove difficult.
in the world economy. Since the Plano Real, Brazil’s participation in the international financial market has increased dramatically. Brazilian firms have received significant attention in world stock exchanges. In July 1996, Telebrás, Brazil’s telecommunications firm, was ranked seventh in New York’s stock exchange’s negotiations. In 1996, Brazil had 40 ADR programs negotiated, eight more than in 1995. With the return to economic stability, the investment rate has increased, growing from 14% of GDP before the Real to around 16% in the first third of 1997. Brazil is the number one destination of portfolio investment funds directed to emerging markets, with a 11% share of total. Of funds specialized in Latin America, approximately 40% go to Brazil. Foreign Direct Investment (FDI) has greatly contributed to the positive evolution of investment: FDI grew from US$ 1.3 billion between 1991 and 1994 to US$ 9.9 billion in 1996, and is expected to reach US$ 16 billion in 1997. The rate of investment, which was of 14% of GDP in the period 1993-1994, today represents between 17 and 18% of GDP. The most notable example is the automobile sector, were foreign investments are expected to reach US$ 19 billion in the period 1996-99, in addition to another US$ 2.7 billion to be invested until 1999 with the adherence of 25 companies to the Automotive Program for the Northeast, Center-West and North. The dramatic increase in FDI is due to the changing perception of investors on the Brazilian economy, as a result of stabilization, macroeconomic adjustment, trade and financial liberalization, privatization, deregulation and the existence of a booming consumer market. A table put together by the Citibank illustrates the evolution in foreign investors’ perception of the possibilities of Brazil.

<table>
<thead>
<tr>
<th>Policies</th>
<th>Until 1990</th>
<th>In 1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>80% month</td>
<td>7% year</td>
</tr>
<tr>
<td>Import tariff</td>
<td>average 42%</td>
<td>average 13%</td>
</tr>
<tr>
<td>Foreign debt renegotiation</td>
<td>paralyzed</td>
<td>concluded</td>
</tr>
</tbody>
</table>


568 ADR are 'American Depository Receipts', a type of title that many Brazilian firms have emitted to capture resources on international markets. See René Garcia Jr (1996:24).

569 Source: www.mdobmna.gov.br
### Privatization

<table>
<thead>
<tr>
<th>Privatization</th>
<th>Inexistent</th>
<th>worth 19 billion</th>
</tr>
</thead>
</table>

### Fiscal deficit

<table>
<thead>
<tr>
<th>Fiscal deficit</th>
<th>7.3% of GDP</th>
<th>3.5% of GDP</th>
</tr>
</thead>
</table>

### International Reserves

<table>
<thead>
<tr>
<th>International Reserves</th>
<th>9.7 billion</th>
<th>58 billion</th>
</tr>
</thead>
</table>

### Port administration

<table>
<thead>
<tr>
<th>Port administration</th>
<th>monopoly</th>
<th>deregulated</th>
</tr>
</thead>
</table>

### Computer industry

<table>
<thead>
<tr>
<th>Computer industry</th>
<th>closed market</th>
<th>open market</th>
</tr>
</thead>
</table>

### Private sector

<table>
<thead>
<tr>
<th>Private sector</th>
<th>closed market</th>
<th>open market</th>
</tr>
</thead>
</table>

### Price control

<table>
<thead>
<tr>
<th>Price control</th>
<th>frequent</th>
<th>abolished</th>
</tr>
</thead>
</table>


These figures indicate the significance and the speed of Brazil’s insertion in the international capital market. According to the Brazilian government, the growth in FDI will bring many benefits to the country such as the incorporation and dissemination of technological advance, the enlargement of external competitiveness and consequently of exports, job creation and financing of current transaction deficits as capitals tend to stay longer in the country. Finally, to promote new investments, the government has launched sectorial actions such as the proposal for the creation of a Housing Finance System, a Automobile Regime and a series of investments under the "Brazil in Action" program.

### II. 3.5. Liberalization and International Insertion

The reforms are also aimed at redefining the insertion of Brazil in the international political economy. Trade liberalization has been carried out since the 1980s and today, according to an evaluation of the International Institute for Management Development (IMD), in a ranking measuring the degree of openness of countries according to criteria of both taxes and non-tariff barriers, Brazil comes in 35th position, with a degree of openness of 5.40, not far behind the United States (29th position with a 6.29 index). Imports represent 8 per cent of Brazil’s GDP (12% for the US).\(^{570}\)

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\(^{570}\) The IMD survey is mentioned in *Veja*, 21 May 1997:119-20.
Besides trade liberalization and the reduction of tariffs, Brazil is seeking to consolidate its position in the international economy by promoting regional integration. The redefinition of the country’s insertion in the world economy goes along four different lines: regional integration through the Common Market of the Southern Cone (Mercado Comum do Cone de Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil).
Sul, or Mercosul 571), hemispherical integration through the Free Trade Area of the Americas (FTAA), stronger ties with the European Union, and the diversification of its export list through agreements with other developing countries. The Treaty of Asunción, forming Mercosul, which gathers Brazil, Argentina, Paraguay and Uruguay, was signed on March 26th 1991.572 Bolivia and Chile joined as associated members in 1996, and negotiations with Venezuela are currently underway. The Treaty defined a transitional period for trade liberalization, which lasted from 1991 to 1994 and consisted of the free movement of goods, services and factors of production between countries through the reduction of tariffs and non-tariff barriers on trade among the four countries, the establishment of a common external tariff and common trade policy in relation to third States, the coordination of macroeconomic and sectorial policies and harmonization of legislation. The "Protocol of Ouro Preto" of December 17th 1994, which partially modifies the Treaty of Asunción, further defines Mercosul's institutional structure as an intergovernmental organization without supranational power, more akin to the Benelux Treaty than the European Union, and gives it an international legal personality.573 The second stage of the process initiated in January 1995 with the establishment of a (still imperfect) Customs Union. In this stage, each country maintains a negotiated list of products exempted from the external tariff. Brazil and Argentina must converge on the same tariff for capital goods by 2001, and Paraguay and Uruguay by 2006. However, so far, there is no commitment to allow free movement of labor, which would create a true common market, nor a single transport policy for goods and persons by land, sea and air. Nevertheless, from a purely commercial point of view, Mercosul constitutes an undoubted success. It is today the fourth-largest integrated market, after NAFTA, the EU and Japan. Trade among partners has more than tripled between 1990 and 1995, rising from US$
4 billion to US$ 14.5 billion. Brazil's trade with other Mercosul countries has grown from only US$ 3.6 billion in 1990 to US$ 13.1 billion in 1995. There are, however, some uncertainties over the future of Mercosul. While a country like Uruguay would not mind seeing Montevideo (the seat of Mercosul's small secretariat) transformed into a kind of Southern Brussels, Brazil is reluctant to engage in any institutional development that would mean significant loss of sovereignty. The progress toward further integration will involve an improvement in transport links\textsuperscript{574} and in customs procedures, the standardization of rules and regulations and a more efficient mechanism for dispute settlement. Among the problems Mercosul is facing, the two main structural obstacles to further integration are the economic asymmetry among the four partners, and the low level of intra-regional trade.\textsuperscript{575} Finally, Mercosul also needs to be "democratized": while today it is the exclusive domain of the Foreign Affairs and Finance Ministries, it should in the future become more subject to political control both by parliaments and social groups.

The decision concerning the Free Trade Area of the Americas (FTAA) was taken during the Miami hemispheric summit in December 1994, and is a continuation of president Bush's 1990 "Enterprise for the Americas Initiative", which proposed a free-trade area from Alaska to Tierra del Fuego. It is an ambitious program according to which, by approximatively 2005, an agreement will be negotiated with the goal of eliminating trade barriers in the whole American continent, allowing for the trade in goods and services without restrictions and taxes. If the idea is realized, the FTAA will represent an economic block of 758\textsuperscript{6} million people and annual revenue of 9 trillion dollars, larger than the EU, and with a structure that could resemble the pact being consolidated in Asia through ASEAN (though this is still uncertain). However, the initiative was never enthusiastically supported by Brazil, which has a different approach to integration. The gap in positions, present since Miami, came up clearly in a recent meeting (May 1997) of representatives from 34 countries which took place in Belo Horizonte, Brazil. The US favor the abolition of tariff barriers as early as 1988 while Brazil, supported by the Mercosul countries, is asking for time to improve its own competitiveness.

\textsuperscript{574} A highway that would go all the way down from Rio de Janeiro to Buenos Aires is being built with the possibility of an expensive bridge on the Rio de la Plata, and a project on the navigation on the Paraguay-Paraná river is being developed.

\textsuperscript{575} For an account of recent developments in the Mercosul and obstacles to further integration see Jorge Grandi and Daniel Schutt (1996:348-50).
before opening its market to US products. Both Mercosul and Andean Pact countries seem to favor the "building blocks" approach, based on the convergence of the different regional blocks already existing, to which other countries would integrate. According to president Cardoso, "Mercosul is the basis from which we are working towards the setting up of a free trade zone to cover the whole of the Americas. It is necessarily a gradual process, which will involve an integrated South America and eventually lead to a hemispheric framework". For him, "the integration of the hemisphere depends much more on the capacity of the countries in the North to effectively open their markets than on the capacity of the countries in the south to integrate the process". Indeed, Brazil has been complaining of the lack of access of its agricultural products to European and US markets. The position of the Brazilian government was strongly supported by Brazilian entrepreneurs. Whatever divergences might arise, the hemispheric integration process is likely to attract growing US interest. Indeed, with the fall in US's exports to the EU and the future fall expected in Asia with the progressive integration of this continent, the US could well seek further ties in the Americas. Such a move would also constitute a response to the growing European presence in South America and in particular in the Mercosul countries.

Mercosul is seen as a good opportunity for business by the EU. In December 1995, Mercosul and the European Union signed in Madrid a Framework Agreement for Inter-regional Cooperation which tentatively set 2005 as the target date to agree on a free trade agreement. In March 1996, a Protocol of Customs Cooperation between the EU and the Mercosul was signed. Brazil has been visited by many European politicians and businessmen recently, and Cardoso has travelled already to Europe a few times to encourage European investments and participation in the privatization process. Last February, in London, Cardoso praised "the political and economic stability which is the basis for growth in Brazil and South America,


577 Examples of the effect of US non-tariff's barriers on Brazil's exports include a 86% tax on Brazilian orange juice and a 90% tax on iron ore. The Brazilian Minister for Industry and Trade, Francisco Dornelles, estimates in US$ 2.5 billion Brazil's annual loss due to US trade restrictions. This data, as well as the President's quotation and other data on the meeting, is taken from the article 'O Brasil dizie nao'. Veja, 21 May 1997: 118-29.

the guarantee for foreign investors and a guarantee of high profits with low risks". The EU is the second foreign investor in the region after the US, representing around 35% of FDI (40% for the US). One study even shows that Mercosul countries would benefit more from an agreement with the European Union than from the FTAA. If economic growth continues for a couple of years, Brazil could find itself in the comfortable position of negotiating with both the US and the EU with the possibility of playing one off against the other.

The results of the trade liberalization process are mixed. On the one hand, it has allowed for an improvement in competitiveness. Since the beginning of the decade, industrial productivity has been increasing at an annual rate of 6.9%, and in 1996 the rate was 14%. The productivity increase resulted from a more intensive use of manpower, as well as the adoption of better management practices. However, liberalization has also contributed to consolidate a serious trade deficit, which reached US$ 5.54 billion in 1996 (though the situation seems to be improving in 1997). According to a WTO study, among the 50 largest traders, in 1995 Brazil was the country which had the slowest growth of its exports (7%) but the second faster growth in its imports (9%). Trade deficit is to be understood as resulting to a large extent from the exchange rate policy which has fixed the par rate of the Real at a high level and which relies on the exchange anchor in relation to the dollar. Trade deficit is expected to be kept within manageable proportions in 1997 thanks to an expected record US$
12 billion trade surplus in the agricultural sector. The soya bean sector alone is expected to earn US$ 5.2 billion this year as a result of both a record harvest and high world prices.\textsuperscript{584}

The international strategy of Brazil seems to be to conciliate the insertion in the globalization process through trade liberalization and an openness to foreign investment, with the maintainance of the diversification of political and economic partnerships, a certain degree of autonomy and a punctual questioning of the rules of the international system (as was the case for example at the WTO ministerial meeting in December 1996, when Brazil denounced developed countries’ protectionist policies in the agricultural sector). The goal is to actively insert Brazil in the international economy as a 'global trader'. To achieve this goal, the government has complemented the Real Plan with a series of diplomatic initiatives aiming at a qualitative alteration in relations with developed countries. Brazil is seeking an approximation with OECD and is candidate to become a permanent member of United Nations’ Security Council. Despite these efforts, some observers in Brazil estimate that there is a danger that the country will be relegated to a "low profile" position in the global economy, meaning more that the country is blown along by globalization and trade liberalization, rather than really affirming a new international strategy. According to them, the diplomatic discourse is becoming more utilitarian and less principialist, with a pragmatic focus, apparently more internationally than nationally oriented.\textsuperscript{585} Moreover, recent tendencies in international trade with the introduction of the so-called "new issues" - social clauses, environmental clauses - could well lead to a weakening of the multilateral trading system. Some developed countries, not so much in the official discourse in international fora as at the domestic level, have expressed doubts concerning the deepening of the trade liberalization process. The recent victory of the socialist party in the 1997 Parliamentary elections in France could mean more pressure for the inclusion of social clauses and a retraction in trade liberalization in an attempt to establish a normative structure in the global competition process. There is a risk that this tendency will grow stronger precisely at the moment when developing countries as Brazil are concluding their own liberalization

\textsuperscript{584} Source: 'Boom Year for Farm Export'. \textit{Latin American Regional Reports.} WR-97-05, 27 May 1997:6.

\textsuperscript{585} This short comment on recent foreign policy developments is based on Paulo Fagundes Vizentini (1997) 'A Diplomacia Aquém das Suas Potencialidades', Luiz Augusto Soto Maior 'Política Externa Brasileira: Uma Visão Tentativa', and Antonio Jorge Ramalho da Rocha 'Continuidades e Inovações na Política Externa', all in \textit{Carta Internacional} n° 47. Sao Paulo, Universidade de Sao Paulo, January 1997:2, 5 and 7.
processes. \textsuperscript{586} To conclude this section on the external aspects of state action, Brazil is today in a more comfortable position than it has been at any time over the past fifteen years. The successful transition from authoritarianism to democracy and from recession and hyperinflation to growth and stability gives the country undeniable credits on the international scene. Speaking of "low profile" attitude might be exaggerated. While a new international strategy is not fully implemented, there are signs indicating a desire for an active international reaction to globalization. Moreover, as noted by Hurrell, the regional situation in Latin America today, characterized by an absence of military conflict, political convergence and economic co-operation and integration, constitutes a very favorable context for the consolidation of Brazil's influence in the region. At both subregional (Mercosur) and hemispheric (FTAA) levels, there is a relatively high level of institutionalization, combined with a low demand security environment and with growing economic interaction. While unable to resist the need to redefine and improve its relations with the US, Brazil has also sought to maintain its freedom of action by focusing on subregional options such as the Mercosur. Moreover, there is still a belief that Brazil has a broader range of options than other South-American countries and that the country is large enough to negotiate effectively with the US on the terms of their economic and political relationship. \textsuperscript{587} However, Brazil's strategy is still unbalanced as it relies on the very redefinition of the country's development model, which is itself, in the short run, dependent upon the priority granted to the stabilization process.

III. Assessing the Globalization Process: New State-Society Relations?

III.1. The Brazilian State in the Liberalization Reforms

The liberalization reforms Brazil has introduced in the 1990s are provoking a deep restructuring of the national political economy and an attempt to redefine the country's insertion in the international economy in a dynamic manner. In addition, patterns of state

\textsuperscript{586} Flavia de Campos Mello (1996:251). I am grateful to my sister Flavia for pointing out to me important aspects related to Brazil's international strategy.

\textsuperscript{587} Andrew Hurrell (1995b:275-7).
intervention and state-society relations are evolving in response to globalization. Understanding the changing state-society relations and the State's role in the reform process is crucial in considering the transformative process Brazil is experiencing in the 1990s in the context of economic globalization. Traditionally, the State in Brazil has been not only a hegemonic political force, or a representative of the ruling class, but above all the central agent of the process of national transformation and development. Today, in a progressively globalized Brazil, is this still the case? Indeed, many analysts argue that economic globalization results in a diminution in the relevance of the state as determinant of national policies. In the Third World, especially, globalization seems to have led many countries to accept the 'Washington Consensus', a mix of liberalization policies and market-oriented reforms aimed at reducing the role of the state and opening economies to international trade and finance.\textsuperscript{588} Is the state in Brazil losing control over domestic policies? Is reform being "imposed" on Brazil? Or is the Brazilian state itself actively fostering a new vision of economic rationality reflected in the liberalization reforms? To sum up, is the State a central agent in the liberalization process taking place in Brazil in the context of globalization? I believe the answer to this last question is 'yes'. There is no doubt that the emergence of the 'Washington Consensus' has had an impact on the debate on state reform in Brazil, as it had in other developing countries. There is also evidence of the role played by international structural constraints such as the debt crisis and the subsequent fiscal crisis, the deregulation of financial markets, the pressure for trade liberalization and the direct influence exerted by multilateral institutions and G7 governments. However, it is as much the failure of economic populism to promote growth and redistribution, as the impact of international structural constraints that were responsible for the reforms of the 1990s. More than merely adjusting to international impositions, what the Brazilian state is going through is a transition from a developmentalist to a coordinating type of state. After the dismantling of the developmentalist state which had been taking place throughout the 1980s, the state is trying to control a transition towards a new pattern of growth and new patterns of state intervention and regulation, which are still being defined. This pattern of intervention will reflect the evolution of state-society relations in Brazil as the country reacts to globalization.

\textsuperscript{588} This argument has been extensively considered in chapter 2.
The Brazilian-orientation of the reforms is loudly claimed by the Cardoso administration, which presents itself as social-democratic, refusing the label of neoliberalism. Actually, despite the recent experience with neoliberalism represented by the Collor presidency, it can be argued that neoliberal ideas have never found a very fertile ground in Brazil. The wide and powerful consensus around developmentalism, whose importance has been stressed above, reflected more than the representation of constituted interests. It was, in the words of Tavares de Almeida, a "self-representation of society, an illusion on its promised future, shared by all important political actors, from right to left". The advent of Collor did not represent a shift to a new consensus on neoliberalism. The lack of political support of its administration confirms this argument. However, the market orientation of his reforms was starting to be perceived as the unavoidable reality of the 1990s. With the Real Plan and the election of president Cardoso, there is a move to what is seen as a "pragmatic" view, an approach first qualified as "fiscal crisis of the state", then renamed "crisis of the state" approach, which sees itself as a social-democratic alternative to neoliberalism and to the Washington Consensus. The approach derived mainly from the book by Bresser Pereira, Maravall and Przeworski (1993) *Economic Reforms in New Democracies. A Social-Democratic Approach*. The authors, while in favor of the market-oriented and stabilization reforms which have dominated the economic agenda in developing countries and Eastern Europe, place three conditions for the success of these reforms: first, they must be "accompanied by active state coordination of the allocative process"; second, there is a need for "a social policy that protects at least those whose subsistence is threatened by the reforms"; and third, "the representative institutions must pay a real role in shaping and implementing the reform policies". An application of this approach to the Brazilian case was developed by one of the authors, the Brazilian economist and ex-Finance minister Bresser Pereira. As he stressed, neoliberalism as defined in the Washington Consensus provides a useful critique of the national-developmental and state-led strategies, but it does not represent a viable option for Latin America and Brazil. In this approach, the cause of the economic crisis is to be found in the three following elements: 1) the fiscal crisis of the state, defined by the loss of public credit; 2) the crisis in the mode of intervention, characterized by the exhaustion of the ISI model; and 3) a crisis of legitimacy,
defined by the deterioration of the authority and prestige enjoyed by the State after the neoconservative wave which began at the end of the 1970s.591 "Growth", says Bresser Pereira, "will be resumed only if stabilization and market-oriented reforms are combined with the recovery of the public savings capacity and with policies that define a new strategic role for the state". In this sense, "according to the crisis of the state or social-democratic interpretation, the state in Latin America will have to perform a supplementary but nevertheless strategic role in coordinating the economy and promoting economic growth". Bresser sees state intervention as being of a cyclical and everchanging nature. In this idea, "once the crisis has purged the state, new forms of regulation will soon relate the state and the market, and the state will again expand". The idea is that, after a period characterized by liberalization and privatization, the state will be asked to perform new roles such as institutionalizing markets, investing in infrastructure and education, stimulating science and technology, protecting the environment and promoting welfare. The approach considers that "Brazil is in a different phase of the state intervention cycle - one in which it is necessary to streamline and tighten the state's structure to overcome the fiscal crisis and create the conditions for a new stage of economic development. In this new phase the state will have a different but necessarily important role to play".592 Ultimately, liberalization reforms will result in a stronger rather than in a weaker state, a state capable of promoting social integration and of ensuring high quality public services.

Is this the case in contemporary Brazil? Being presently in the middle of the reform process, and considering the political obstacles - constitutional reforms - that the government still has to overcome to complete its program, a full evaluation is hardly feasible. A few observations are however possible, on the basis of the examination of the first two years of government, or of the three years of the Plano Real. First of all, it must be recognized that Brazil is today far away from a situation of consolidated neoliberalism. For Roberto Campos, conservative economist and influential politician during the military regime (he was Minister of Planning in the Castello Branco's administration), "the so-called economic 'neoliberalism' of Brazil is a fiction which only exists in the heads of Marxist academics, political demagogues and ill-

informed journalists". He quotes a study which indicates that, in 1995, Brazil received a grade of 3.3 in an index which measures the economic openness from 0 to 10, almost the same as in 1975 (3.2).\footnote{Roberto Campos, "Cadê o Liberalismo?", essay published in the newspaper Folha de Sao Paulo. 10 March 1996. The study is by the economists J. Gwartney, R. Lawson and W. Block, and is called Economic Freedom of the World.} It is true that, however, important reforms have taken place since 1995, and that another estimation gives an index of 5.40 for 1996 (see IMD survey quoted in II.3.4). Still, at the unpleasant cost of having to agree with Roberto Campos, it should be recognized that the Brazilian economy today is far from a liberalized economy. Second, it seems that, in the context of the redefinition of the international economic order taking place with globalization, the Brazilian state is acting as a major agent of economic modernization and is showing surprising vitality in promoting liberalization, in reforming its modes of intervention and the state apparatus. For some authors such as Bresser, despite globalization, despite the Washington Consensus and neoliberalism, the reforms in Brazil have been "Brazil-oriented", not dictated by globalization. They are Brazilian responses to Brazilian problems. In the words of Cardoso, "we are reorganizing Brazilian capitalism", (..) "we are making a revolution in the Brazilian institutional mold. People do not perceive it, they think we have no strategy, that we need a project. But we have a project, even a national project, a strategy of development."\footnote{Interview of Fernando Henrique Cardoso with Brasflio Sallum Jr. "Estamos Reorganizando o Capitalismo Brasileiro", in Lua Nova n° 39, 1997: 27.}

Yet the social-democratic character of the government is not easy to grasp. First, because the government's style has been characterized by a permanent search to divide political and social actors, instead of the more integrative nature of social-democracy.\footnote{For example, on the issue of the pension system reform, the government's strategy of separated negotiations has led to the emergence of conflicts between the CUT and the PT, traditional allies, on the differences in civil servants and private sector workers' status. See Dominique Vidal (1996:31).} Second, because social spending is not progressing fast enough to ensure the social protection mechanisms that define a social-democratic regime.\footnote{The government claims to have increased Federal social spendings by 26.7% from 1994 to 1996, allowing per capita federal social spending to grow from R$ 491.00 to R$ 606.80. It has also launched a wide-ranging program called Comunidade Solidária (Solidary Community). Source: Ministério de Fazenda (1997) '3º Aniversário Plano Real'. RadioBrás.} Despite claims by the government and by some analysts that the regime is not neoliberal, and that social considerations are a major concern, some observers interpret the reforms as part of a "conservative modernization" strategy, as had
already happened in Brazil during authoritarian years. Indeed, the government seems to be following the same pattern of action as previously, conducting the "modernization of the state" "from the top", while neglecting the "democratization of the state". This distinction is important. As Weffort tells us, the modernization of the State encompasses institutional reforms with the goal of providing more efficiency to the State in its task of promoting economic development. The democratization of the State, in its turn, means the widening of society’s participation in state decisions. Traditionally, the two processes have been separated in Brazil and more generally speaking in Latin America. The political left today emphasizes the need to democratize the state while refusing the modernization of the state, whereas the political right places priority on the modernization. So far, the observation of the Cardoso administration reveals a continuity in the tendency to govern "from the top". Cardoso is governing arbitrarily, resorting extensively to the use of interim decrees: in twelve months, Cardoso’s administration issued and re-issued 437 interim decrees, while Sarney had issued 147 in five years, Collor 157 in two years and Itamar Franco 508 in three years. The systematic use of decrees, in allowing the executive to legislate without the participation of the legislative, can foil the point behind the basic separation of powers. The government has also sent to Congress 22 proposals of constitutional amendments and 66 projects of law (between 1989 and 1994 nine proposals of constitutional amendments were sent to Congress). As stressed by Figueiredo and Limongi and by dos Santos, by flooding Congress with proposals, the government is actually usurping the legislative function and transforming Congress into a forum for discussing its own ideas. The Legislative’s capacity to establish an alternative agenda and to propose policies becomes limited, and Congress acquires an essentially negative function, one of blocking the Executive’s action. The style of the government is thus an ad referendum style, marked by the continuous intimidation of Congress.

Conservative modernization worked in Brazil both as a project for capitalist industrialization and as a strategy of government. Both Getúlio Vargas and Juscelino Kubitschek carried out conservative modernizations, creating a developmental state without disrupting underlying power and property relations. As stressed by Schneider, “conservative modernization has worked in Brazil because it bridges between groups in nominally opposing camps and inhibits the formation of a united opposition”. See Ben Ros Schneider (1996:231). See also Tavares and Fiori, Furtado, Weffort, and Cardoso de Mello.

In an equally strong criticism, Wemeck Vianna argues that the Cardoso administration is confirming the tendency introduced by the Collor government to the reversion of the relationship between the sphere of institutionalization of political democracy and social democracy. Doing that, it is truncating the process of 'Americanization' "from the bottom" that dominated the transition period, in which the poor and the excluded had been opening the way toward citizenship, with the support of the populist political coalition. Instead, the tendency now is an 'English' approach "from the top", with the molecular incorporation of demands of groups or fragments of groups to public policies. The Cardoso government, argues Wemeck Vianna, sees citizenship as a public good to be politically managed.600 There is thus little sign of a democratization of the state. Popular masses do not seem to be influencing the development process, it is just that a number of them are consuming more. In addition, the growing sectorialization of corporatism is also worrying, and may tend to increase with globalization. With some sectors - the "globalized sectors" - going through a rapid modernization and incorporating advanced technology, the fragmentation and diversification of the industrial structure will be accentuated. This will result in a growing differentiation of interests among each category, with the most modern sectors of the productive system being more and more able to defend their interests, while agreements on public policies as a whole will become unviable.601 The government is actually using this differentiation, by presenting civil servants as egoistic categories striving to maintain the privileges they have acquired in non-democratic times, to gain support for his reform of the civil service which will abolish job stability. In this manner, the present administration has so far been relatively successful in its attempt to modernize the state, and this modernization, with the aim of redefining the insertion of the country in the international economic system, is actually well accepted. However, it has not reversed significantly the lack of democratization of the state and allows the reproduction of patterns of exclusion and dualization, thus not solving the 'citizenship contradiction'. This is why, in my sense, the reform process deserves the qualification of "conservative modernization", a view defended by, inter alia, Furtado, Tavares, Fiori and Weffort. By "conservative modernization" it is meant that the reform does not significantly


alter basic property and power relations (and therefore is conservative), but that it seeks to modernize power within the elite away from the old to the modern.\textsuperscript{602} The reforms aim above all to allow for the modernization of capitalism in Brazil, and, in order to achieve that, to remodel Brazil's state and rationalize Brazilian society, in what Barboza Filho calls the "paulisticization" of Brazil, a process of control by the paulistas (natives of the state of Sao Paulo) of the country's destiny. The reforms have been demanded and are being controlled by the dominant groups in the richest state of Brazil. The project supposes a capacity of the State to affirm itself as the generator of cohesion around macropolicies, dispensing the authoritarian and traditional regulatory mechanisms, seen as essential to ensure a new cycle of growth. However, the success of this project is not yet ensured, as the political coalition which sustains the government, formed by the social-democrats (PSDB) and the liberals (PFL), is not totally solid, the liberals either pushing for more liberalism than the PSDB wants, or preferring more conservative and traditional solutions, typical of the Northeast where it finds most of its supporters, and thus antithetical to the paulista project of the PSDB.\textsuperscript{603} There is consensus on specific demands necessary to relaunch growth and rehabilitate economic development, but beyond that point there is no agreement on a national project for Brazil.

Table 7.7. Comparison of Different Approaches

<table>
<thead>
<tr>
<th>Economic Populism</th>
<th>Social Democracy</th>
<th>Neoliberalism</th>
</tr>
</thead>
</table>

\textsuperscript{602} This definition of "conservative modernization" is borrowed from Ben Ross Schneider, who uses it to define Collor's administration. I believe the Cardoso administration shares most of Collor's declared goals: state reform and modernization of Brazil's capitalism, including privatization, administrative reform etc... Schneider's evaluation perhaps over-estimates the "modernizing" character of Collor's program, as his government was primarily based on the support of traditional oligarchies. See Schneider (1996:228).

\textsuperscript{603} Rubem Barboza Filho (1996:27-8).
III.2. Some Structural Concerns on the Reform Process: Obstacles to Growth and Effects on Employment

If the conjunctural success of the Real Plan cannot be questioned, the Brazilian economy’s stability is still fragile and the reform process incomplete. Even economists in favor of liberalizing reforms admit that it is too early to say that Latin America has overcome its crisis, and recognize that the debt crisis has not been satisfactorily solved and while the fiscal crisis of the state, among others, remains a major problem. Critics do agree that the reform of the state was necessary and acknowledge the exhaustion of the ISI model, which had actually been first recognized by political economists of Marxist inspiration (such as Tavares and Serra). They acknowledge that the developmentalist triple alliance (state, private capital, foreign capital) had lost the capacity to open new horizons for the expansion of private capital and to act as an articulator of interests between external investors and national capital. Still, they oppose the view that the solution is to be found in a sort of “state hara-kiri” as ironized by Fiori. For Fiori, the basic explanation for the success of the stabilization policies in Latin America is that they have coincided with financial globalization, a world recession and low interest rates in the First World: “this is how Latin America entered the era of globalization, which for us has only been financial”. The strategy Fiori refers to of high interest rates which attracts foreign capital at a time when interest rates in OECD countries are very low is recognized to be a major cause for the flow of FDI in Latin America in general and in Brazil in particular. This strategy might prove unsustainable in the long

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605 See Jasi Luis Fiori (1995:225-5). The major role of high interest rates in attracting FDI is recognized even by supporters of the reform process such as Bresser Pereira (1996:14).
run as it intensifies excess liquidity in the economy, and discourages an expansion in demand, particularly investment, thus trapping the economy in a slow growth path. As he points out, the reforms adopted by the government are deconstructive, "they have the symbolic character of destroying what had been done before". The idea is to destroy the premisses of the "politically oriented capitalism" which had predominated since Vargas in order to concretize the productive adjustment to globalization.

For Lamounier, the precarious fiscal situation at the three levels of the federation, the lack of infrastructure and the low productivity of Brazilian products will probably be obstacles to a significative economic growth, and will constrain the country to live with high rates of unemployment, a problem aggravated by technological modernization. Indeed, in the past three years, that is, since the Plano Real, unemployment has risen 12%. According to the IBGE, it rose from 5.52% in June 1994 to 6.09% in June 1997. Moreover, the proportion of employed people who have a "signed working card", meaning, who are part of the "formal" economy, fell from 49.86% to 46.51% of the employed population from the first semester of 1994 to the first semester of 1997. The Plano Real seems to be contributing to the suppression of formal jobs, expelling people from the formal to the informal market and thus creating conditions for a growing gap between the formal 'globalized' sectors of the economy and the rest of the population, excluded from the benefits of the reform process. Tavares also stresses that liberal reforms and adjustment policies alone will not be enough to provide the Brazilian economy with dynamic comparative advantages and to improve its international insertion. There is a risk that liberalization will destroy precisely the most dynamic sectors of the Brazilian economy, such as the agro-business and the electromechanical complex. Moreover, argues Goldenstein, in the case of Brazil, the diversification of the industrial structure which had been the goal of the previous decades is


607 Fieri goes as far as saying that "the Latin American 'miracle' was actually produced by the computer screen of financial analysts in the First World". José Luis Fieri, interview to the Brazilian magazine Veja, 6 September 1995.


609 Source: IBGE, quoted in O Globo July 31st:34.
now an extra obstacle to the country's adjustment to the new technological and organizational paradigm, thus deepening the ties of dependency.610

For Celso Furtado, the "ideologue of development" whose ideas have influenced generations of economists, "the most evident effect of globalization has been to intensify foreign exchange and to debilitate internal growth, which does not seem to lead to a better world".611 As pointed out by Furtado, with the choice of liberalization, the formation of the national market is no longer the engine of growth. The engine of growth is now the integration with the international economy, which means a high level of dependency upon the dynamics of transnational firms. However, these firms are characterized by a slow rhythm of job creation and a growing margin of structural unemployment, as the experience of the European Union demonstrates. These effects can be expected to be amplified in countries that interrupt the formation of their national markets to privilege international integration.612 In the globalized economy, the tendency is for Brazil to specialize as an exporter of traditional industrial products, and to stay as an importer of high technology goods and services. Traditional industrial production is relocated in Brazil, as the example of Renault illustrates: in 1997, Renault will close down a plant in Vilvoorde, Belgium (provoking huge social protest) while opening one in Brazil. The opening of the economy and the strengthening of the role of corporations cannot guarantee that Brazil will accompany the third Industrial Revolution.613 Indeed, globalization seems to be restricting even more the access of developing countries to advanced technology and knowledge. The transfer is always partial, and thus contributes less than in the past to the creation of an endogenous capacity for technical progress.614

As for trade liberalization, it has allowed the emergence of innovative economic processes such as the successful integration of some regions into the international economic system. These regions, referred to as "islands of modernity", or "region states", are characterized by

611 Interview to the news magazine Veja, edition 1478, 8 January 1997.
613 João Manuel Cardoso de Mello (1992:60).
modern production techniques, higher wages and standards of living, and production oriented towards exports. The case of oranges production in the State of Sao Paulo is a good example. At the level of Latin America, other examples include flowers in Colombia and some technological processes in Argentina. Still, these regions, dynamized by their global integration, remain isolated. As noted by Sunkel, certain forms of transnational integration can lead to national desintegration. The existence of "islands of modernity" or "region states" could contribute to widen the gap between the globalized part of the economy, where there is a coincidence between internal and external interests, and the rest of the economy, thus further consolidating social apartheid.615 For the critics of the reforms, such as Fiori, the present situation is thus one of structural crisis, of transition from one type of capitalist development which has been exhausted to a new model still in construction. In terms of the transformations it implies in forms of state intervention, so far economic globalization is coexisting with previous forms of political organization and power distribution, in another sign of the political continuities perpetuated in Brazilian society. If there is one aspect of state's role which has not changed, it is the pattern described by Schneider, who sees Brazil as characterized by a situation in which "a state relatively autonomous from society and oriented more toward order than progress intervenes preventively in social conflicts to avoid emergence of new organized forces that could threaten its role".616

III.3. Effects on Social Equity

"Brazil", claimed Cardoso during the campaign, "is not an underdeveloped country, it is an unfair one". Cardoso promised on many occasions that his government would focus on social issues and on reducing poverty. In a recent appraisal of government's performance on the occasion of the third anniversary of the Real Plan, Finance Minister Pedro Malan reasserted that "the ultimate objective of economic policy is the improvement of the majority of the Brazilian population’s living conditions, which has already been occurring and will continue

615 The expression "island of modernity" is from Oswaldo Sunkel, quoted in Weffort (1992:135), while the expression "region state" is from Kenichi Ohmae (1993).

to occur".\textsuperscript{617} And indeed, since the Plano Real, a redistribution process is on its way. With the practical disappearance of inflation, the low income parts of the population are regaining purchasing power. The phenomenon is too recent to be taken for granted as a new economic reality, but several surveys have now identified a tendency toward an improvement of income distribution. The Plan has allowed for a rise in real salaries of almost 20%. The proportion of people below the poverty line has decreased from 33 to 25% of total population. The revenue of the richest 20% in relation to the poorest 50% has, thanks to an increase in the revenue of the latter, fallen by 1%. The minimum wage has increased by almost 10% in real terms since the beginning of the Real Plan, while real wages in industry have grown by almost 20%. The Plano Real has also allowed for a boost in the purchasing power of workers, especially regarding the basic consumption basket. The consumption of food has increased dramatically already after the first year of government: in 1995, the consumption of eggs increased 149%, of chicken 16.7%, of pork 8.5%, causing a revolution in the diet of the poorest segments of the population, showing that inflation really did constitute a sort of tax on the poor.\textsuperscript{618}

#### Table 7.8. Social Inequality in Brazil 1960-1995

<table>
<thead>
<tr>
<th>Year</th>
<th>Average annual growth in per capita income (%)</th>
<th>Share of the 50% poorest of the population (%)</th>
<th>Share of the 20% richest of the population (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td></td>
<td>18</td>
<td>54</td>
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<tr>
<td></td>
<td></td>
<td>+ 2.2</td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td></td>
<td>15</td>
<td>62</td>
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<td>+ 7.0</td>
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<td>1980</td>
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<td>14</td>
<td>63</td>
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<td></td>
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<tr>
<td>1990</td>
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<td>12</td>
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</table>

\textsuperscript{617} Quote taken from press release "Real Ano IV: Mais Crescimento, Menos Inflação". 300697.

\textsuperscript{618} The data refers to goods for domestic consumption. See Wanderley Guilherme dos Santos (1996:8).
Chapter VII. Globalization and the State: 1985-1997

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion of poor (%)&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Revenue 20+/ Revenue 50 - a&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Index real minimum wage b&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Index real average industrial wage a,b&lt;sup&gt;c&lt;/sup&gt;</th>
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</thead>
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<tr>
<td>1994</td>
<td>33.4</td>
<td>5.73</td>
<td>100.0/c</td>
<td>100.0</td>
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<tr>
<td>1995</td>
<td>27.8</td>
<td>5.13</td>
<td>104.5</td>
<td>110.3</td>
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<tr>
<td>1996</td>
<td>25.1</td>
<td>5.07</td>
<td>109.0</td>
<td>117.9</td>
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</table>

1) Income distribution

<table>
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<th>Year</th>
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<th>Services a&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Others</th>
<th>Total</th>
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<td>108.1</td>
<td>101.5</td>
<td>104.9</td>
</tr>
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</table>


Table 7.9. Social Indicators Plano Real

There has thus been some redistribution and an improvement of living standards for a segment of the population. The size of the consumer market has increased dramatically, meaning a possible move towards mass consumption. The revenues of the informal sector of
the economy have increased, thus allowing for a relative alleviation of poverty. Between December 1993 and December 1994, salaries in the formal sector in Sao Paulo fell by 1.97% while those of the informal sector rose by 20%. In 1995, formal wages increased by 10.7% while informal ones rose by 21.5%. As poverty is traditionally concentrated in the informal sector, it will be reduced if there is a redistribution towards the informal sector. Two problems remain. First, growth in the 1990s is no longer job creating, as jobs lost in the 1990s are not regained. Second, there is a limit to the informal sector’s capacity to absorb labor. Workers excluded from the formal sector will thus tend to fall below poverty levels. As restructuring in the industrial sector progresses, unemployment will grow. A part of the salaried workers will converge towards poverty line, while informal workers will rise towards it. However, the gap between the two extremes on the revenue scale will increase: the poorest make little progress because of the cuts in public spending during the Collor administration followed by only modest increases under Cardoso, while the rich become even wealthier with market liberalization. Despite the promising figures of recent surveys, the social situation remains critical. The share of GDP of the poorest 20%, for example, is not measured in these surveys. Brazil still has one of the worst income distributions in the world, and the Gini coefficient has risen from 0.57 in the 1970s to 0.60 in 1995. The 1995 figure cannot yet reflect the effects of the Plano Real, but it seems unlikely that any plan would be able to reverse this situation in a such a short period of time. In addition, the minimum wage still amounts to only R$ 120, after a modest R$ 8 rise based on an expected 8% inflation this year. What is clearly visible is that the Plano Real has produced an "emerging class", "os emergentes" as they are called, nouveaux-riches who have benefited from the opening of the economy and are finally enjoying First World goods and levels of consumption. Liberalization, far from reducing inequalities, could well contribute to further institutionalize them.

III.4. Opposing Globalization: Resistance and Conflicts in the 1990s

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620 This section is based on Pierre Salama (1996). The improvement in the informal sector’s situation, as explained by Salama, results from two factors: 1) the greater room for certain components of the informal sector, which are not submitted to international competition, to increase their prices and thus to improve their revenues; 2) the heterogeneous character of the informal sector, part of it becoming increasingly tertiarized and forming a modern and lucrative sector.
Despite popular support for the Real Plan, it should be noted that globalization has met some resistance from social sectors who feel increasingly marginalized. There are opposition forces resisting neoliberalism and its social implications. The Landless Workers Movement (Movimento dos Trabalhadores Sem Terra, MST) which fights for the redistribution of land and criticizes the export-orientation of Brazilian agriculture, trying to recreate subsistence forms of agriculture, has become the main organized opposition movement. The demands of the MST seem acceptable in today’s Brazil, where a large portion of foodstuff is produced in smallholdings, in particular beans, vegetables and manioc (which together with rice form the basis of the Brazilian popular diet). It is estimated that smallholders produce some 80% of the food while occupying only 12% of the land.\textsuperscript{621} On the basis of this reality, the MST is trying to force an agrarian reform including land redistribution which would increase the number of smallholders. For Celso Furtado, it is the first structured rural movement of the country, and the only significative attempt to fight mass unemployment.\textsuperscript{622} Components of the MST are very lowly qualified people, a sort of rural sub-proletariat. More than 90% have a tradition in agriculture, are sons of peasants and have never owned any land. 65% of them are men, and the majority are aged between 20 and 40. More than 30% of the \textit{sem-terra} are illiterate; only 3% have completed school education.\textsuperscript{623} The MST gained wider national projection last year (1996) when 19 \textit{sem-terras} were killed by the Military Police in Eldorado dos Carajás, Pará, in the area of the PGC. After this event, it became the theme of the 8 o’clock novela (soap opera, 8 o’clock is the peak viewing time) called ‘The King of Cattle’, where glamourized landless people appeared invading farms.

The MST was created at the beginning of the 1980s at the margins of the union organization in the countryside, and supported by the Church and some political parties such as the PT and the PC do B.\textsuperscript{624} Though actively fighting for land distribution, the MST in the 1980s did


\textsuperscript{622} Interview to the news magazine \textit{Veja}, edition 1478, 8 January 1997.


\textsuperscript{624} The PC do B, \textit{Partido Comunista do Brasil}, characterized by its pro-Albanian orientation, is not to be confused with the traditional communist party of Brazil, the PCB, \textit{Partido Comunista Brasileiro}, historically an important political actor, and recently renamed PPS (\textit{Partido Popular Socialista}).
not gain a massive membership. In the past, attempts at an agrarian reform under the Goulart administration contributed to hasten the advent of the 1964 military coup. With the return to democracy in 1985, a plan was conceived by the Sarney Administration (The Plano Nacional de Reforma Agrária PNRA established by Decree 91.766 of 10/10/1985), and the Ministry of Agrarian Reform was created to implement it. The PNRA was elaborated with the goal of redistributing public and private underutilized land to posseiros and landless people in the areas where the conflicts were particularly acute, as in the case of the PGC or the "Bico do Papagaio" areas. Originally, the project foresaw the settlement of 1.4 million families by 1989 in the whole country (71.7 million until the year 2000!), on the basis of the existence of an area of 410 million hectares of latifundio. The project included the settlement of 300,000 families in the States of Pará, Maranhao and Goiás, with the goal of "reducing the conflicts linked to the occupation and use of land", according to the Ministry. Land owners would be compensated with Titles of the Agrarian Debt. The PNRA was a clear failure. Until 1988, only 11,000 families had been settled in Brazil, 4% of the target. By 1989, the goals were cut by 70%. In areas such as the PGC, the PNRA has even contributed to the intensification of conflicts. Moreover, it was believed that even if the original targets had been met, they would still have been insignificant when compared to the immensity of the land concentration problem. One of the reasons for PNRA’s failure was the strong reaction of land owners, who organized themselves in a powerful group, the UDR (Uniao Democrática Ruralista), which was particularly successful in lobbying at the Constituent Assembly. Indeed, according to Schneider, despite democratization, the power and influence of the propertied strata have grown in the recent years. Nearly half of the 1987-1990 Congress were linked to capital and business, and its 1990 successor had perhaps the highest concentration of landowners in the country’s history. The UDR, leaded by rancher Ronaldo Caiado and composed mainly of cattlemen, reflected the interests of the traditional livestock elite. It was able to elect more than sixty members to the constitutional Congress.

According to Graziano (1991:75), in December 1985, the MST had organized 42 settlements in the country, involving 12,000 families.


of 1986-7, funding the lobbying activities by cattle auctions. This is how the original 1985 proposals were amended so as to exclude "productive" properties in the expropriation plan. The UDR and the permanence of conservative forces in the government coalition are often appointed as the main cause of the failure of the agrarian reform. Indeed, the UDR itself was created to destroy the reforms. Still the conservative opposition does not explain alone the failure of the PNRA. Francisco Graziano contests the current ideas about the agrarian reform. For him, PNRA's failure was first of all linked to a false conception of the agrarian reality in Brazil. Graziano contests the data existing on land concentration in Brazil. Though he does agree that land is over-concentrated, he points out to discrepancies existing between data from different agencies (such as the IBGE and the INCRA) and contests the methodology used for registering land and titles. He underlines the inconsistencies in the concept of latifundio itself, which refers both to the size of the property and to its use, and reveals that a great deal of the land classified as improdutive latifundio is sometimes productive.

According to him, not only is there no such thing as an abundant availability of land for agrarian reform in Brazil, demand for land property itself is also not so great as is often claimed. The aspiration for land is secondary among wage-earners rural workers. Seasonal unemployment can lead them to claim land, but the situation is usually reverted in times of abundant work, only the most unqualified workers being excluded. For Graziano, the idea of agrarian reform has not followed the evolution of the Brazilian agriculture and its modernization process. The debate has been dichotomized with the concept of agrarian reform being associated to the left while agricultural policy was an affair of the right, the concern of to rich people. This dichotomy has hidden the fact that the need today is for an integrated rural development policy which would combine a certain degree of agrarian reform to the extension of agriculture policy to the small and medium peasants. Despite the claims of the MST, the main issue according to Graziano is not land property but the working and living conditions of the peasants.

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629 For a view stressing the role of political factors in the failure of the agrarian reform, see José de Souza Martins (1986). Martins stresses the unlikeliness that a political regime dominated by rural oligarchies would significantly affect land ownership patterns. For him, the main goal of the agrarian reform carried out during the Sarney administration was to pacify rural workers precisely in order to avoid a more structural transformation.

630 A land is classified as latifundio for two reasons: for "exploitation" reasons, i.e., when it does not have a "social function" (a productive function); or for "dimension" reasons, according to its size, measures in rural modules defined at the municipal level. This system allows for huge deformations. Actually, there are both large "minifundios" and small "latifundios". See Francisco Graziano (1991:30-1).
conditions in an agriculture sector which has become mostly dominated by modern capitalist forms of production.631

The issue of agrarian development in Brazil is today polarized between modern and globalized sectors, integrated in the world economy, and the MST, which is described by the news magazine Veja as the "symbol of the poor and backward Brazil" (..): "in a Brazil where the shock between the archaic and the modern, globalization and exclusion are being discussed, Stedile (the leader of the MST) is on the side of the traditional, the regional and the small".632 In the medium term, however, the MST would like to lead small farmers away from mere subsistence agriculture, creating associations of farmers to plant agro-enterprises and becoming part of the market economy.633 Recently (April 1997), over 1,500 members of the MST converged on Brasília after a two month march, and were joined by 40,000 sympathizers, the largest demonstration yet against the Cardoso government. It is estimated that 80% of the Brazilian population is in favor of an agrarian reform.634 As a response to growing pressure in the country, the government has developed new directions in agriculture policy. Cardoso's policy consists in providing land for 280,000 families in four years. The government has also increased the tax on land left idle (causing protests on possible ecological impacts, as will be shown in chapter 8) and speeded up the procedures for its redistribution. It has aproved a summary procedure for disappropriations, and a new rural territorial tax, the ITR. Other measures, to be launched in May include the creation of a land bank, to finance purchases of small banks on easy terms, and a system of electronic auctions to make it easier to buy and sell rural properties. The reforms will use resources of the national development bank (BNDES) and the Banco do Brasil. The reforms are said to be

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631 Graziano takes a strong point against the pretension of the MST to channel the social demands of all rural workers. For him, "to conceive that the central preoccupation of all rural workers is a fight for land is to interpret in an one-eyed manner the Brazilian reality, deforming facts to adapt them to old theories about the European peasantry in the times of the shift away from feudalism" (F. Graziano 1991:74, my translation).


633 The political project of the MST includes a) the democratization of land and of production means; b) the reorganization of agriculture production; c) industrial development in the interior of the country, attending the interests of farmers and consumers; d) a special program for the Northeast; e) a new technological model adapted to the Brazilian reality and respectful of the environment; f) social development. Source: ALAI (Agencia Latinoamericana de Informacion) (1995) `Brasil: la Lucha por la Reforma Agraria y el Movimiento Sin Tierra', Boletín Campesino-indígena de Intercambio Informativo, n° 33, 20 December 1995:5-6.

designed to reassure efficient large farmers who fear that agrarian reforms means only expropriation, while underlining the government's commitment to a rural sector based on small, commercially-oriented family farms. The National Program for the Strengthening of Family Agriculture (PRONAF) seeks to improve living conditions in the countryside through, inter alia, a reduction in loans' costs, which have fallen from 11.7% to 2% in 1996, benefitting about 350,000 farmers. Yet both the breadth and the speed of the reforms have been criticized. It is usually noticed that the issue of the agrarian reform only entered the political agenda of the government as a result of the MST's action. FHC's administration also underestimated the impact of the MST's march, believing that the issue had been over-inflated by the 1996 killing of 19 sem-terras in Eldorado dos Carajás. It thought that the march would not conclude, or that it would reach Brasilia in small and insignificant numbers, without much sympathy. Instead, the demonstration in Brasilia gathered students, unemployed people, civil servants, steel workers and other sectors of the population who are being affected by the reforms. Considering the government's present policy, there is little sign that a real solution to the problem will be developed. José de Souza Martins, a sociologist specialized in agrarian issues, sees "nothing being done to change the structure of land ownership in the country. Settlements alone will not solve the key question". For him, the Constitution should be changed to facilitate access to land, and a pact similar to the one that led to the abolition of slavery should be negotiated involving the elites and land owners. Cardoso's reform does not intend to propose a constitutional change. Article 185 of the Constitution prevents the disappropriation of productive lands, though the level of productivity is not defined. The plan of the government to settle 80,000 people each year would not even cover the 100,000 jobs lost every year in the agroindustrial sector as a result of technological developments and the opening of the economy to imports. The Cardoso administration is only promoting punctual


636 José de Souza Martins, quoted in the survey by Veja, 23 April 1997: 28 and 34. The change in the Constitution is necessary because of article 184, which states that the disappropriation has to be done according to a "fair and previous payment". As there is no clear indicator of what a "fair" price is, landowners tend to contest what they have received, and often get huge levels of compensation. In this sense, the Constitution has created a market of disappropriations, of purchase and sale of land, and settlements are treated as a common real estate business. See Veja:36.
actions which do not constitute a real agriculture policy. Its dependence on the liberal party renders a real agrarian reform extremely unlikely.637

Land policy in the mid-1990s is thus still a controversial topic. The recent surge of the MST as a strong political actor has succeeded in bringing official attention to the issue, but real solutions to the issue of land ownership have not yet emerged. Beyond land distribution itself, what is needed is a policy that would provide an income to the masses of excluded people in the countryside as well as ensure the permanence and expansion of smallholders and small food-producers in the context of an agriculture which is increasingly export-oriented. According to Graziano, the real issue raised by a movement such as the MST is not land distribution but unemployment and poverty. For him, there is a confusion between citizenship and land ownership, which derives from the misunderstanding of the real fight taking place within rural workers of the modernized sectors of agriculture. The solution for the small peasant goes through access to technology and favorable commercialization channels in the context of an agricultural policy which would favor small production.638 Yet there is little doubt that the issue of the unequal access to land is central in Brazil and remains closely linked to poverty. As explained by Camargo and Barros, "land is a very important resource in Brazil, but the very unequal distribution of this resource reduces its degree of utilization. Thus, an agrarian reform can be an important instrument for increasing agricultural production and land productivity, helping in a fundamental way to reduce poverty. An agrarian reform can bring about an increase in agricultural production, in labor productivity, in the wealth of agricultural workers and reduce the rural-urban migration. As a result, it can have a very substantial impact on poverty in Brazil".639 In Amartya Sen's entitlement approach, it is shown how in many countries the participation in the social distribution of revenue depends on the possession of property titles, as well as on the qualified insertion in the productive system. What is blocked in these societies is the access to entitlement. This is what happens in Brazil: the landless peasants of the MST and the masses of poor people living in the urban

637 See Afrinio Raul Garcia Jr (1996:77) and Veja, 23 April 1997:34. Garcia Jr estimates that there are about 150 (out of a total of 503) "ruralist" deputies, that is, opposed to the agrarian reform.


639 Camargo and Barros (1993:76).
slums have no access to land and housing. Recently, movements similar to the MST have emerged to claim access to housing. Associations are converging to form a "Movimento dos Sem-Teto", the Movement of the Roofless. Attention was recently drawn to the issue last May when police forcefully evicted homeless people squatting in buildings still under construction in a poor area of Sao Paulo, killing three people. The MST has called on the homeless to organize. Homeless people organizations belonging to the Central dos Movimentos Populares (Union of Popular Movements) are preparing a "caravan of marginalized people" along the lines of the MST's march to take place in June. These developments seem to confirm the correctness of Sen's entitlement approach. In Brazil, the system reproduces the same forms of access to entitlement and the same social exclusion patterns. In such a system of structural blockage, underlines Furtado, the market does not represent the solution.

Conclusion

This chapter has been concerned with the examination of the changing pattern of state intervention in the 1990s, highlighting the relationship between the transformative process of the Brazilian state and global change. It has first provided a diagnosis of the crisis of the 1980s, identifying four main components of the crisis: the economic crisis, the crisis of the State, the representation crisis and the crisis of ideas. It has stressed the interrelations between these different aspects, the external shock of the debt deepening the fiscal crisis of the state and contributing to a more generalized political crisis of the state. As a result, the development strategy based on State intervention lost its operationality. It has then shown the policy change occurred at the beginning of the 1990s as a response to the state crisis, with the reforms introduced by the Collor and then the Cardoso administrations. It has reviewed the liberalization process and the implementation of the reforms, and it has attempted to define this process, asking two questions: is Brazil implementing neoliberal reforms as defined in the Washington Consensus? And second, what is the role of the state in this reform process? Finally, it has explored the limits to the globalization process, considering its effects

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640 At least three organizations modelled on the MST but targeting the homeless exist: the Uniao Nacional por Moradia, the Movimento Nacional na Luta por Moradia and the Coordenacao por Moradia, as well as the Church's Pastoral da Moradia.

on redistribution, poverty, employment, and the social resistance it is encountering, illustrated by the landless peasants’ struggle for land.

I have argued that Brazil is without doubt implementing liberalizing reforms, including a diminution of the extent of the state’s participation in the economy. With globalization and the change in the dynamics of regulation in the global capitalist system, productive restructuring has become an imperative, and this restructuring includes liberalization reforms and an opening to the international economy. However, I believe that these reforms should not be interpreted narrowly as yet another implementation of the Washington Consensus policy mix, in a deterministic perspective that would obscure the dynamism of the response to globalization at the national level. The forms of formulation of the restructuring and the adaptation to its reality depend on social and political options coordinated by the State. The State is trying to reconcile a dynamic insertion in the globalization process, the liberalization of the economy, the adoption of market-oriented reforms and the reform of the state - which in most countries increase inequalities - with a stabilization plan which so far, in the short run, has tended to increase revenue and reduce poverty standards. This is the paradox of the Plano Real. However, it should be noted that the conciliation of these two functions - stabilization and redistribution - has been possible only thanks to an abundance of foreign capital in the world economy, attracted by Brazil’s high interest rates. The success of the program thus relies on the continuity in the availability of foreign capital and of the gradual increase in Brazil’s external competitiveness which would allow the reversal of the balance of trade deficit. In this sense, it should be noted that Brazil appears more dependent than ever on the performances of the world economy. In the 1970s, it was the resort to foreign indebtedness which had allowed growth and the continuity of the modernization process. In the 1990s, it is the entry of foreign investment and participation in the international financial market which ensure the resources necessary for the success of the reforms. It could well be that the present government is making the same mistake as in the 1970s, in the situation analyzed by Goldenstein, when there was an under-estimation of the transitional character of the international expansion and of the implications of foreign dependency for Brazil.

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This mitigated answer does not contradict my argument of the importance of globalization in explaining policy changes in contemporary Brazil and the role of global change as a major determinant of both economic policies and environmental policies in the Amazon region. In a sense, it confirms the dependency argument and sustains the thesis that globalization is increasing dependency and exacerbating inequalities. Indeed, this study is based on the theoretical assumption of the preponderance of economic configurations in shaping particular forms of relationship between state and society. However, the approach also hopes to strengthen the understanding of how state-society relationships have reacted to economic change, and, more specifically, how the Brazilian state is restructuring its pattern of intervention and conducting its transition from a developmentalist to a coordinating type of state. The success of this strategy is not ensured. The turmoil provoked by the August 1997 exchange rate crisis in South East Asia reveals the fragility of "emerging markets" economic success, and the risk that this crisis or a different one may affect South America should not be dismissed. Even if the international situation remains stable and the flow of foreign capital continues to abound, it is not yet quite clear whether the Brazilian state itself has the resources needed to re-articulate and consolidate new patterns of state-society relations. Still, the Brazilian state has demonstrated first a true willingness to accept globalization and engage in liberalization reforms, and second, a certain degree of dynamism in its attempt to define a nationally-oriented strategy to respond to globalization. So far, a "pragmatic" approach is prevailing, with the adoption of market-oriented reforms and a restructuring via the market. The state has reduced its role in production with the progress of the privatization program. This is without doubt the most visible and successful part of the reform. The transformation of the state's role in regulation and distribution is not yet clear. Attempts at deregulation have met strong opposition from groups benefiting from privileged access to the State, and the need of constitutional reforms rather blocks the process. The questioning of the mode of articulation between the State, the political system, the economy and social groups as well, and the specificity of the relationship between the Executive and the Legislative branches of government place serious obstacles on the reform process. As for distribution, though the official discourse claims that the reforms have paved the way for a reversal of the income concentration process, some authors argue that in the end liberalization can lead to the growth

of the informal sector of the economy and contribute to worsen poverty standards, resulting in an exacerbation of dualism.

Grugel and Hout have suggested four main implications of globalization for the Third World: i) globalization engenders a strong element of competition between developing countries for investment; ii) globalization adds more actors to the policy process and increases the power of "external" actors over state policy; iii) globalization engenders the recomposition and renegotiation of relationships between state actors; iv) globalization leads to a fragmentation of the South between those who can and are responding to it, and those who are not. Such implications are easy to grasp, and Brazil is being affected by them in highly visible ways. But of the four implications, it is the third implication which is being crucially played out today, and, I argue, not only relationships between state actors are being redefined. State-society relationships are being redefined. Attempts at democratization "from the bottom" are meeting approaches "from the top". Organized sectors of the excluded parts of the populations, expressed in the "less" movements (landless, homeless ..), are striving to transform their social demands in political outcomes. While global change contributes to social fragmentation and sheds light on the structural heterogeneity of the Brazilian society, it is also being accompanied by the emergence of new social actors excluded by the process and who could well block or significantly revert the reform process.

This chapter has analyzed how globalization is related to the transformative process of the Brazilian state and how it interferes with the reconfiguration of state-society relations in the 1990s. It has emphasized the uneven character of globalization and the contradictions that appear while the social basis of the world economy which have produced globalization are themselves eroded and transformed. The contradictions are highly visible in a particularly fragmented society such as the Brazilian one. Globalization is contributing to expand and further consolidate the market economy in Brazil, causing a surge in consumption standards, efforts towards regional trade integration and the promotion of the export-oriented sector. The redefinition of the accumulation model which has and is still taking place has however not included the goals of environmental sustainability. The "modern" agricultural policy being

promoted in the detriment of traditional subsistence farming is characterized by a waste of products during harvest, a lack of economic incentives to the conservation of soils and water sources and an excessive and irrational use of pesticides. Transport policy continues to focus on automobile development and the construction of routes, neglecting public transportation. Energy policy does not include long term strategies to emphasize energy conservation and renewable sources of energy which abound in Brazil (biomass, solar, eolian ...). Industrial policy continues to promote highly polluting activities with little control and no preventive vision. Economic restructuring is thus taking place on the basis of a consensus which continues to privilege growth over long term environmental sustainability and social equity goals.

Yet the recent years have seen a radical change in environmental policy in Brazil. The next chapter will examine the role of global change in the redefinition of State’s policy in the Amazon region and, at the same time, highlight how global factors limit change and create obstacles to the solution of the ecological crisis in Amazonia. It will link the changes in Amazonian policies to the reforms Brazil introduced to respond to globalization in the 1990s and, in particular its three main components: trade liberalization, privatization and the reform of the state. It will concretely show how globalization affects Amazonian policies, how it interfered with previous patterns of accumulation and state-society relations and how it combined to local and regional dynamics to produce change. Amazonia exemplifies the contradictions of the Brazilian society at their zenith - contradictions between extremes, extreme wealth and extreme poverty, extreme wilderness and exhuberance of nature and extreme violence in the depredation of nature. Economic globalization is redefining the political economy of environment and development in Amazonia and causing an impact on both social differentiation and environmental destruction processes. With global change the contradictions are further exacerbated and conflicts take on a new global dimension.
Chapter VIII. Globalizing Amazonia: the Transformations of the Brazilian Society and Sustainable Development in Amazonia during the 1990s

Introduction: A Critical Assessment of Globalization in Amazonia

The intensified globalization process in the 1990s interfered significantly with the political economy of development and environment in Brazil. As stressed in Chapter 7, global change was a major determinant of both the adoption of economic policy reforms in the 1990s and of the nature and orientation of these policies. It combined to the generalized crisis of the state which had marked Brazil in the 1980s, a crisis affecting the state’s structure, functioning, and its pattern of intervention. With the exhaustion of import substitution industrialization as the motor of development and the failure of heterodox policies to stabilize the economy and restore growth, liberalizing policies were adopted in the 1990s. This new policy framework, put into action with the 1993 Real Plan, included stabilization, trade liberalization, privatization and state reform, and is being implemented in a rather dynamic manner by the Brazilian State. The State is seeking to redefine Brazil’s insertion in the international political economy in a favorable way and to master a transition from a developmentalist to a coordinating type of state. The present international conjuncture, which has been ensuring an abundant flow of FDI to the country, combined with the normalization of domestic economic life after the end of inflation and some substantive gains in the population’s purchasing power, have contributed to the relative success of Cardoso’s enterprise so far. Yet the subsistence of structural problems such as the reproduction of patterns of exclusion and the uneven character of Brazil’s globalization pose serious threats to the chances of a development model which would be socially just and ecologically sustainable.

For a region like Amazonia, the transformative process of the 1990s has important implications. Restructuring at the global level has modified the conditions of Brazil’s international insertion, placing new challenges and constraints on the road to sustainability in Amazonia. Indeed, ecological structures are integral to political and economic processes, and are shaped by social organization at the local, national and global levels. As global change helps transforming state-society relations in Brazil, new forms of environmental
destruction emerge and new contradictions in Amazonia’s political economy become evident. Critically assessing political ecology at the time of global change requires one both to stress the ecological limits to globalization, and to emphasize the limits imposed by globalization on chances of long-term sustainable development in Amazonia. It means understanding how both the model of accumulation and social relations in Amazonia are being transformed in the context of global change, the resistance globalization is encountering and the impacts it will have on natural resources and ecological processes. In this chapter, I will be concerned with applying a critical IPE approach to the ecological situation of Amazonia in the 1990s, when the impact of global change began to be felt on a large scale.\footnote{The critical IPE approach to ecology has been defined in chapter 1. For an overview of major components of such a critical view see Mitchell Bernard (1997) and his comments on Polanyi’s contribution.} Until the 1980s, deforestation was a nationally-led process resulting directly from patterns of state intervention in the region, mainly from large scale colonization and integration projects. As such, it was integrated in the wider context of the national modernization strategy based on the alliance between the state, national elites and foreign capital. Unlike other rainforest countries, in Brazil there was no clear direct relationship between the causes of deforestation and international involvement as was the case with timber logging for exports in Asia or with the so-called 'hamburger connection' in Central America. The links were more indirect, and international influence was exerted in a more fluid way, through Brazil’s insertion in the international system.\footnote{The absence of a clear direct relationship between the causes of deforestation in Amazonia and international involvement is underlined by Ans Kolk (1996:72-3).} The "public ownership" of forests in Brazil is also different from some other tropical countries. Most of the Amazonian forest technically belongs to the federal government and is under the responsibility of the national environmental agency, IBAMA.\footnote{As stressed by May and Reis (1993:12), in 1985, more than 75 % the Amazon territory was still in the public domain.} This structure makes the responsibility for forest protection fall predominantly on government. Under authoritarian rule (1964-1984), environmental protection was not really an integral part of government policies. Absolute priority was granted to economic development, and the adverse consequences on the environment were accepted as necessary evils on the road to progress. By the mid-1980s the situation started to change substantially, as international factors began having a direct impact on deforestation standards and politics. Not only was a connection established between the situation of the environment in Amazonia
and the situation of the global environment, affecting every human being on the planet, with
the discovery of the role played by deforestation in global warming and in the greenhouse
effect. Direct connections were also established between Brazil’s foreign debt and the
situation of the environment, or between the role of international institutions such as the
World Bank and forest depletion in Amazonia. This global awareness, in return, was
practically translated into a strong international campaign involving a variety of actors, both
governmental and non-governmental, in the defense of the Amazonian rainforest. These
actors, through direct pressure or transnational alliances, played a significant role in
influencing the environmental policy reform which has been taking place in Brazil since the
mid-1980s and in the reform in state policies towards Amazonia.

In the mid-1990s, it is undeniable that the determinants of Amazonian policy have been
transformed. Changes in economic policy and growing liberalization were accompanied by
a change in the pattern of state intervention in Amazonia. The recent years have seen the
development of a variety of institutional and economic instruments aimed at strengthening
environmental protection in the region. But beyond the acknowledgement of a policy change
and the recognition of this change as a partly internationally determined phenomenon, one
issue seems particularly interesting here with regard to the interplay between domestic and
global processes. This issue, which has to do with the direct impact of the globalization
process on Amazonian policies, raises many decisive questions. Indeed, more important than
the recognition of the shift is the very content of the "new" Amazonian policy: What is the
essence of the new policy? Will the environmental policy reform affecting Amazonia,
considered as an (albeit modest) step forward, be fostered in a context of growing economic
globalization? How will the liberalization process of the 1990s affect the Amazonian political
economy? What role will the reform of the state play? Will the state’s capacity to provide a
sustainable model for Amazonia be enhanced? Will the reform allow the country to overcome
what I have identified as one of the principal obstacles to sustainable development, namely,
the lack of democratization in the access to natural resources? And, as the international
insertion of Brazil is redefined, will new connections be made between international factors
and forest depletion, with what effects, and for whom? To sum up, will the 1990s Amazonian
policy be able to promote long term sustainable development in the region, understood as a
development which is both socially and ecologically conscious?
Chapter VIII. Globalization and Sustainable Development in Amazonia

The global overview of the academic debate on global environmental politics and of the evolution of international environmental politics presented in Part I examined the links between the globalization process and the formation of a consensus on the concept of "sustainable development" leading to the prescription of market-friendly environment and development policies as the road to sustainability. Part I also underlined the unevenness of the globalization process showing that it can lead to social disruption and an increase in inequality. Chapter 2 reviewed the general criticisms to globalization, and chapter 7 highlighted the disrupting and potentially negative social impacts that global change might produce in Brazil. This chapter will attempt to define the environmental impact of globalization in Brazil, and especially in Amazonia. It first shows how, in recent years, since the mid-1980s, Brazil has changed substantially its policy towards the Amazon in the context of the transformative process taking place in Brazil with the liberalization reforms and the acceptance of the imperative of globalization. It first identifies the main institutional changes and new instruments introduced from the return to democracy in 1985 to Cardoso's administration in the mid-1990s. Second, possible explanations for these changes are reviewed. To begin with, the Neoliberal Institutional perspective, focusing on the role of international regimes, institutions and on the existence of an "epistemic community", is considered. This approach perceives concern at the international level for the preservation of the Amazonian rainforest as the major determinant factor. It sees the integration of environmental concerns in international institutions as having favorably influenced the trend to environmental policy reform. Moreover, as pointed out by Hurrell, the pressure that Brazil was facing on the Amazon issue was starting to have an impact on Brazil's broader foreign policy goals. The government's change of stance on the environment reflected the will to preserve its primary political interests on trade, debt and development. Secondly, the Realist interpretation of policy shift as resulting from the hegemonic pressure from powerful countries is examined. Forms of pressure and strategic considerations used on the Brazilian government are investigated. However, I argue that the most adequate approach to understand these changes and their implications is the critical IPE approach which I have defined in chapter 1. This approach focuses both on changes in social relationships and on transformations in the model of accumulation as determinants of the new Amazonian policy. It first locates the policy change in the domestic context of the return to democracy and the emergence of the environmental movement in Brazil, reflecting new political demands for environmental...
protection. It then links them to the liberalization process, to the shift to market-oriented reforms and to global change, showing the different channels which have enabled transnational actors and alliances to have an impact on Brazil’s environmental policy reform. Still, though recognizing the importance of international factors in explaining the transformations of environmental politics in Amazonia, such an approach is more interested in critically assessing this new environmental policy which is emerging in the context of global change. The chapter concludes by emphasizing the ecological limits to globalization in Amazonia, stressing both the incompatibility between the scale of economic activities carried out in the region and the ecological carrying capacity on the one hand, and the resistance encountered at the local level by local groups and social movements whose ecological space is being transformed as a result of globalization. It underlines the limits of policy change in the context of globalization and of the consolidation of a free market model of development, showing who is controlling and managing the reform process, and highlighting the persistence of structural obstacles to long-term sustainable development in Amazonia.

I. Policy Shift in Amazonia

The progress in environmental policy in Brazil starting in the 1980s is by no means an isolated phenomenon. In recent years, most countries have been through a process of reform, Latin American countries in particular. In the past, Latin America had paid little attention to issues of environmental protection. The importance of extractive activities for the region’s economy and the vision of the region as an expanding and "open frontier" did not favor the development of conservation policies. Yet this situation is, up to a certain extent, changing rapidly. A recent book on the region underlines this phenomenon: "recognizing that environmental concerns are no longer a luxury only affluent nations can afford, leaders across the hemisphere have begun to realize that the long-term costs of ignoring environmental protection are steep. Although the pace of reforms varies from country to country, virtually every nation is making progress toward addressing both the enormous environmental deficits created by past development and the need for some controls on present and future growth".

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The authors see this change as a promising starting point on the road toward a more sustainable future, and believe we are witnessing a "fundamental transition among both governing elites and the general public about the appropriate costs of development".651 Despite the continued criticism by some NGOs, the academic literature on the topic is united in recognizing that significant progress has been achieved in environmental policy in recent years.652 In the region, Brazil is probably the country which deserves the largest share of international interest for its environmental policy. This is mainly due to two reasons: on the one hand to its economic weight, which makes it a member both of the most industrialized nations and of the most polluted nations. The 1997 "State of the World" report includes Brazil in the "G8" group of the most important countries from the environmental point of view.653 On the other hand, the importance of the Amazonian forest induces increased international concern and attention from a whole variety of actors. By the end of the 1980s, and more clearly at the beginning of the 1990s, some changes started to be visible in Brazil's environmental policy as well as in its Amazonian policy, a change noticed and praised both by Brazilian and foreign observers 654. This shift included both a change in regional and sectorial policies affecting Amazonia's economic activities and the strengthening of monitoring and control by the environmental agencies. In a context of economic recession and slowing down of the expansion of the agricultural frontier, this policy shift enabled a real reduction in the deforestation rate in Amazonia.655 According to INPE, the Brazilian National Institute for Space Research, the annual average deforestation rate dropped from 0.54% in the period 1978-1989 to 0.48% in the 1988-89 and 0.30% in 1990-91.

I.1. Changes at the domestic level

651 Gordon J. MacDonald and Marc A. Stern (1997:1 and 11).
653 The "G8" includes the United States (largest economy and largest share in CO2 emissions) China (largest population), Brazil (largest biodiversity), and also Germany, Japan, India, Indonesia and Russia, which, all together, are responsible for 56% of the world population, 58% of CO2 emission and 53% of forests. See Worldwatch Institute (1997).
654 The change in policy has been noted and discussed by, inter alia, Daila Maimon (1992), Andrew Hurrell (1992), Ronaldo Serra da Motta (1993).
655 Ronaldo Serra da Motta (1993:1).
1.1.1. Progress in Environmental Institution-Building

A major cause for the reduction in deforestation rate in Amazonia has been the strengthening of the regulatory and implementation capacity of environmental institutions. Several changes occurred at the institutional level with the aim of promoting environmental protection. An important step was made with the promulgation of the new Constitution in 1988, marking a real rupture with the military regime, at least at the level of discourse. Indeed, the new Constitution dedicates a whole chapter to the environment, an example followed by the state constitutions, and incorporates environmental protection as an essential principle of the economic order. It has strengthened the regulatory capacity of the state for protecting the environment, introducing the mechanism for environmental impact assessment, and creating specific laws for public action in the case of environmental damage with penalties for responsibilities. It has established the universal right to a healthy environment. It has also declared that "the Brazilian Amazon Forest, the Atlantic Forest, the Serra do Mar, the Pantanal of Mato Grosso and the Coastal Zone are a national heritage, and their utilization will take place, in the form of the law, under conditions that assure the preservation of the environment including the use of natural resources" (Article 225 of Chapter VI).

Second, a federal agency for environmental protection, IBAMA, was created in February 1989 by law 7,735. IBAMA is the result of the merging of SEMA and three governmental agencies responsible respectively for forestry (IBDF), fishing (SUDEPE) and rubber-tapping (SUDHEVEA). IBAMA has the following mandate: 1. to reduce the effects of the use of toxic substances used in farming; 2. to promote measures to control production, use, trade and movement of hazardous substances and waste; 3. to execute environmental control and monitoring at regional and national levels; 4. to intervene in development processes which have environmental impacts; 5. to monitor the transformation of the environment and of natural resources; 6. to carry out actions of management, protection and control of water resources; 7. to maintain the integrity of preservation areas and legal reserves; 8. to control the use of fishing resources; 9. to control the use of forest resources; 10. to monitor the status of conservation of ecosystems, species and natural genetic resources; 11. to execute actions

Law 7,735 of February 22, 1989 was later modified by laws 7,804 of July 18th and 7,957 of December 20th, 1989.
to protect and manage flora and fauna species; 12. to promote environment management-oriented research and techno-scientific development and diffusion; 13. to promote the access and sustainable use of natural resources; and 14. to develop analytical and prospective studies on environmental management.

As far as Amazonia is concerned, IBAMA aims to establish a more effective ecological zoning system, speeding up the demarcation of Indian lands and establishing a more effective monitoring and fire-prevention scheme. IBAMA has developed a Plan for the Management of Natural Forests which regulates the extraction of timber in a way which should not damage the environment and foresees fines and penalties for companies that do not respect the Plan's provisions. IBAMA defines "sustainable forest management" as "the rationally planned exploration of a forest area, trying to maintain its natural regeneration capacity and the existing biodiversity, by taking care to extract a volume always smaller than the one the forest is able to recompose in a determinate period". In Amazonia, there are 3,700 Forest Management Plans, and IBAMA is presently carrying on an evaluation of these plans to monitor their conformity with its sustainable management provisions. In August 1996, 910 plans had already been monitored, and 353 (almost 40%) had been suspended by IBAMA on the basis of irregularities or lack of basic conditions. IBAMA represents a real advance in terms of the way in which environmental protection is conceived. With the creation of IBAMA, environmental protection and conservationist utilization of natural resources were for the first time associated under one governmental umbrella, implying an important conceptual and organizational reform in defining the environmental issue. As far as forest policy is concerned, IBAMA has created the conditions for a more effective control of destructive activities and has tried to establish a framework for incorporating environmental considerations into forest activities.

Third, there is the Ministry of the Environment and Urban Planning, which was set up during the Sarney administration. The Cardoso administration changed the allocation of
responsibilities among ministries and created the Ministry for the Environment, Water Resources and Legal Amazonia, gathering the two old ministeries (environment and water resources). The Ministry supervises the activities of the Brazilian Institute of Environment and Renewable Resources (IBAMA), chairs the National Council on the Environment (CONAMA) and takes part in the Presidential Chambers for Natural Resource Policies. The fact that Amazonia deserves a special mention in the competences of the Ministry shows an evolution in mentalities and a will to prioritize environmental protection in Amazonia.

I.1.2. New Environmental Policies and Selected Programs

Progress in environmental policy-making had already started during the Sarney administration, when an important change in public policy was achieved with the reduction of the fiscal subsidies that encouraged deforestation. Chapter 6 has shown the crucial role of fiscal subsidies in explaining the expansion of development activities in Amazonia, thus contributing to deforestation. The view which had dominated so far was that the standing forest had no economic value, and that it should be transformed into pasture, agricultural crop or other economic use. Subsidies were fundamental in encouraging investments in some isolated areas in Amazonia. Amazonia was perceived as an "open-access resource", a mere prop for the real rent-seeking game of using landholding to qualify for fiscal rents. Subsidies were a vehicle for benefiting favored groups and for transferring resources. As such, according to Ascher, "land giveaways in the Brazilian Amazon thus have been more a pretext for rent-seeking extraction than efficient conversion to sustainable agriculture". The subsidy element of rural credit was eliminated in 1987, and many of the fiscal subsidies which encouraged deforestation were abolished in October 1988. This measure immediately relieved pressure on land occupation in the Amazon. In addition, a National Environment Program, the "Programa Nossa Natureza" ("Our Nature" Program), was established. The program recognized the reality of toxic pollution in goldmining areas, discussed the need to protect the forest from fire and elaborated a program of environmental protection and research. It recognized for the first time the rights of forest dwellers and of river people. Though the program was primarily designed by the military without public debate or consultation, it

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actually represented the first policy affecting Amazonia which explicitly incorporated the goal of environmental protection, in an attempt to create an image of environmental responsibility.\footnote{Eduardo Viola (1997:96).}

Yet a real comprehensive policy for Amazonia only came into being with the Cardoso administration, which launched a new development strategy for Amazonia, incorporating the goals of environmental protection. In July 1995 the National Council for Legal Amazonia (CONAMAZ) approved the guidelines for a 'National Integrated Policy for Legal Amazonia', mandating that the Amazon region be integrated economically into the rest of Brazil through infrastructure development. The idea is to replace the past practices of creating "development poles" by an integrated regional development strategy. The main declared objective of this policy is to improve the living standards of the population of the region through "sustainable economic growth", and the integration of the economic, social and environmental dimensions, in an effort to overcome the sectoriality of previous policies. The document recognizes the failure of the past policies and their destructive character. Moreover, it states the "strategic importance" of Amazonia resulting from "its comparative advantages in front of the country and of the world" and its position as a "central national issue". It declares its intention to strengthen the links of the region with the neighboring countries in the context of the action of the Amazon Cooperation Treaty, hoping that this will "constitute an important step toward a growing presence of Brazil in the international scenario".\footnote{De Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil European University Institute DOI: 10.2870/73863} The Integrated Policy is meant to be a central pillar of the new development strategy for Amazonia, whose institutional structure was completed by the launching of the Project Brasil em Ação ("Brazil in Action"), presented to the press by President Cardoso in August 1996. The program will receive R$ 31 billion in 1997. Among the 42 projects, which are mainly related to infrastructure and transport, several ones are of direct concern to the Amazon region: pavement of old roads, installation of energy transmission lines, natural gas extraction, opening of hydroways, development of shipping, amounting to a total of R$ 2,250 billion.
Following the recommendations of the program of action negotiated during the 1992 Rio Conference (UNCED), "Agenda 21", the Ministry of the Environment has prepared an implementation strategy for the region, "Agenda Amazonia 21", which is a comprehensive document giving, first, a vision of the physical and social reality of Amazonia, underlining the diversity of the region: diversity of ecosystems, but also biological, populational, cultural, economic and social diversity. The document recognizes several factors of instability in the region, such as land conflicts, job insecurity, lack of support for small producers, inadequate practices and techniques, and acknowledges the role of past public policies in fostering ecological degradation. Second, Agenda Amazonia 21 offers an understanding of the current changes in attitudes and in the institutional framework. It stresses the innovations in the treatment of the Amazonian issue represented by the elaboration of an integrated policy, the new role attributed to partnerships with diverse sectors in society and international actors, the incorporation of the environment in strategic national planning, and the effort to integrate Amazonia into the country, the region and the world. Finally, it gives a view of the prospective scenario that must orient action in the future, defining social actors, actions, and implementation instruments.662

Two other pieces of legislation are of particular concern in Amazonia. First, in the view of the recrudescence of deforestation in recent years, the Federal Government launched the interim decree 1511-3 of October 17th 1996. This piece of legislation stipulates that the Legal Reserve foreseen in the Forest Code (which in Amazonia obliged rural owners to preserve 50% of the forest existing on their lands) would be increased to 80%. The exploitation of the Legal Reserve will be submitted to sustainable management practices in the form of sustainable management plans controled by IBAMA together with the Amazonian States. The implementation of this measure is, however, likely to be problematic. Second, the government issued Decree 1963 which suspends the logging of mahogany and virola for two years. Actually, what the decree really does is to suspend the liberation of new licenses to explore these two species. These two measures were warmly welcomed by most NGOs, in particular Greenpeace, who considers it "the most important victory in Greenpeace Brazil’s short

history". In addition, a project which states that areas of forest to be protected are exempted of the new Rural Territorial Tax should be approved. Finally the FLORAM ('Florestas para o Meio Ambiente', 'Forests for the Environment'), an ambitious reforestation program, has been launched. The Project aims at capturing carbon from fitomass growth in order to contribute to climate stability, as well as to preserve regional ecosystems and soil quality and to provide supply of wood for industrial purposes. The Project, based on the introduction of the concept of social forestry, covers an area equivalent to 2.4% of the total Brazilian territory and approximately 0.5% of total world forest. It is expected to capture 4.3% of total carbon surplus in the atmosphere.

Among other programs which are worth mentioning, a particularly significant one is the "Green Protocol", introducing EIA (Environmental Impact Assessment) procedure in the banking system. The project is innovative in that it shows the will to integrate environmental considerations into other policies, in this case, the banking and credit policy. The Green Protocol states that banking institutions of the Federal Government have to examine environmental impacts before granting credits. In practice, it requires the Federal Government's five Banks, which lend US$ 22 billion a year, to review the environmental impact of every single loan starting in 1996. It will have effects especially on the Banco do Brasil, but also on the National Economic and Development Bank (BNDES), the Amazonian Bank, the Northeast Bank, and the Federal Saving Banks. It will allow the development of a consulting system, and will provide stronger protection to the Legal Reserves (percentage of natural area that each property has to conserve) as well to the zones protected under the Forest Code. The Protocol also forbids the banks to grant loans to persons who owe money to IBAMA. The implementation of the Protocol will, however, be difficult in Amazonia, where monitoring is poor.

663 Source: Press release 'Greenpeace Celebrates a Victory in Its Fight to Save the Brazilian Rainforests!'. Rio de Janeiro, 26th July 1996. (Greenpeace Web Site).


1.1.3. Land Policies and Ecological Zoning

One of the main causes of deforestation in Amazonia is the rules for federal and state land reclamation, which state that claims for property must be based on land use such as farming, hence encouraging land conversion and deforestation. The land tax system was modified in 1992 to accept forest as productive land and land tax rates were reduced. However, agriculture income is still moderate and induces further expansion of farming activities. In fact, as stressed by Serôa da Motta, the government is using zoning as the main policy instrument to discipline the application of incentives and to direct public investments in the region. With zoning, an option was made for a "middle way approach to Amazon occupation where preservation and economic growth are harmonized". Ecological-economic zoning means a system in which land use is matched to the ecological profiles of micro-areas with the help of satellite and computers. Considered as the "most relevant initiative in the field of planning and management of land resources", the Ecological and Economic Zoning Project (ZEE) aims at integrating basic geographical information and related public policies, for classifying territorial areas according to their vulnerability and potential, and for stimulating negotiation, conflict resolution and partnerships amongst the various public and private actors in the process of development. It was introduced in 1990, when the Coordinating Commission of ZEE was created within the Secretariat of Strategic Affairs (SAE) linked to the Presidency of the Republic. Resources allocated to the ZEE Project so far amount to about US$ 90 million. Priority in developing the ZEE Project was attributed to the Amazon region, where all 9 states have established their ZEE Commissions. The Commissions have carried out a complete account of the ecological situation in Amazonia with the view to implement the zoning system, with the support of a US sensor to monitor the forest. The 1995 Integrated Policy recognizes ecological-economic zoning as the "most important instrument for land management". The system defines three basic zones in Amazonia: 1. productive zones, where natural resources can be used through the incorporation of technical progress; 2. critical zones, which, because of their special ecosystems, need adequate technology; and 3. special zones.

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668 This section is based on Ronaldo Serôa da Motta (1993:10-1).

divided on the one hand between Conservation Units, Extractive Reserves and Indigenous Reserves, and on the other hand, between areas of historical, touristic or strategic interest. The government believes it will constitute an effective negotiation and adjustment instrument among the several development proposals for the region. Finally, the government has recently proposed a system of "ecological corridors", which goes beyond the usual practice of delimitating "ecological islands". Instead, it defines "conservation units" both in Amazonia and in the Mata Atlântica, aiming at restoring genetic exchanges between the two ecosystems. It identifies in these two large biomasses a series of spacially contiguous ecosystems - the "corridors" - and launches a conservation strategy based on the man-nature relationship. Altogether, the seven ecological corridors (of which five are located in Amazonia) represent 25 % of Brazil’s tropical forests and should preserve 75% of the animals and species existing in these areas.

I.1.4. Conservation Units and Extractive Reserves

As part of the ecological-economic zoning effort, a system of conservation units has been defined, encompassing National Parks, Ecological Stations, Biological Reserves, Areas of Environmental Protection (APAs, which correspond to the Natural Parks in Europe), Areas of Relevant Ecological Interest, Natural Heritage Reserves, and Extractive Reserves. Both APAs and extractive reserves permit human presence. As stressed by Serôa da Motta, this system represents the introduction of a new dimension in the planning of the Amazon region, a conservation perspective where a compromise between preservation and development is assumed to be possible.

Table 8.1 Reserve Categories in Brazil

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Area (ha)</th>
</tr>
</thead>
</table>


Of the several types of reserve categories, the most innovative and significant one is the system of extractive reserves, which is considered as representing a "radical departure from the way in which regional development has been carried out thus far in Amazonia", reflecting "an ongoing dialogue between a traditional social group expressing its needs and scientists seeking the technical means of transforming these needs into reality". The idea of extractive reserves emerged from an effort by the rubber-tappers to develop longer-term management strategies to protect the forest and their right to work, going beyond the mere resistance character of the empales. They are the result of the alliance between movements of rubber tappers and scientists, and concretely provide legal rights to lands historically occupied by social groups that effectively utilize the forest in a sustainable manner. Extractive reserves are public lands designated for the specific purpose of sustainable use of forest products such as rubber, palm hearts or Brazil nuts by the resident population. First created in 1985 under the land reform legislation, in 1990 the extractive reserves procedure was legally instituted within the National Environment Program. Until mid 1994 nine extractive reserves had been created under the responsibility of IBAMA, the Brazilian Environmental Agency. IBAMA has established a special administrative unit to manage the extractive reserves, the National Center for the Sustainable Development of Traditional Populations (CNPT), which considers as 'traditional populations' those communities who, traditionally and culturally, depend on extractivism for their living.
Table 8.2. Extractive Reserves

<table>
<thead>
<tr>
<th>Name (and State)</th>
<th>Area (ha)</th>
<th>Population</th>
<th>Main Resources Managed</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIRAJUBAE (SC)</td>
<td>1,444</td>
<td>690</td>
<td>Mussel</td>
</tr>
<tr>
<td>CIRIACO (MA)</td>
<td>7,050</td>
<td>844</td>
<td>Babassu, subsist. agric.</td>
</tr>
<tr>
<td>EXT. NORTE DO TOCANTINS</td>
<td>9,280</td>
<td>320</td>
<td>Babassu, subsist. agric.</td>
</tr>
<tr>
<td>(TO)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>QUILOMBO DO FREXAL (MA)</td>
<td>9,542</td>
<td>1,080</td>
<td>Babassu, subsist. agric., fishing</td>
</tr>
<tr>
<td>MATA GRANDE (MA)</td>
<td>10,450</td>
<td>776</td>
<td>Babassu, subsist. agric.</td>
</tr>
<tr>
<td>ALTO JURUA (AC)</td>
<td>506,186</td>
<td>5,821</td>
<td>Rubber tree</td>
</tr>
<tr>
<td>CHICO MENDES (AC)</td>
<td>970,570</td>
<td>12,017</td>
<td>Nuts, Copaiba, rubber tree</td>
</tr>
<tr>
<td>RIO CAJARI (AP)</td>
<td>481,650</td>
<td>3,639</td>
<td>Nuts, copaiba, rubber and acai</td>
</tr>
<tr>
<td>RIO OURO PRETO (RO)</td>
<td>204,583</td>
<td>775</td>
<td>Nuts, copaiba and rubber tree</td>
</tr>
<tr>
<td>TOTALS</td>
<td>2,200,750</td>
<td>25,962</td>
<td></td>
</tr>
</tbody>
</table>

Source: IBAMA/CNPT (1994)

Finally, a further step has been taken recently with the transformation of the Ecological Station Mamirauah, of 1.24 million, in the first Sustainable Development Reserve of Brazil. The area, located in the State of Amazonas 600 km west from Manaus, on the Solimoes River, contains innumerable rare species and is part of the Ramsar List of Tropical Areas of International Importance. The creation of the reserve is the result of four years work of the NGO Sociedade Civil Mamirauah together with local communities, and is based on extensive research. The law allows for the active participation of residents and makes them partners in management and conservation activities as well as in the sustainable exploitation of wood and fishes. The reserve will help preserve local lifestyles, which could be threatened by massive exploitation of natural resources in the area. The project includes the development of environmental education in local schools, community participation in policy-making and in resource protection and a focus on agroforestry systems and traditional agricultural techniques.674 The creation of Sustainable Development Reserves represents a real

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innovation in that it adopts a participatory approach to conservation, research and management of biodiversity, and gives a legal basis for the creation of similar areas elsewhere in Amazonia.

1.1.5. Indigenous People

Apart from the development of new policies and institutional instruments, an effort was also undertaken in order to make policies on a more participatory basis, and to consult with local populations. In an attempt to respond to strong national and international criticisms, actions were taken in the area of indigenous people's rights. The 1988 Constitution recognizes "the social organization, customs, languages, beliefs and traditions and the rights of Indians over the lands which they traditionally occupy". It also states that it is the Union's responsibility "to demarcate, protect, and make others respect all their possessions". Resources of soils, rivers and lakes located on indigenous lands are of their possession, and can only be exploited with a special authorization of Congress after consultation with the affected communities. The Constitution thus breaks with the paternalistic tradition which had prevailed so far and provides a legal framework adequate to ensure the respect of indigenous peoples' rights. The policy of demarcation of Indian lands started in the 1990s. In November 1991, the Collor government demarcated the Yanomami reservation, which has an extension of 90,000 km2, despite strong opposition from the military and amazonian elites, such as the governor of the state of Amazonas. Indigenous people are also participating more than in the past in decisions affecting them, enjoying a more active voice in government policies. Parallel to UNCED, a World Conference of Indigenous Peoples on Territory, Environment and Development also took place, held in Rio de Janeiro at the Kari-Oca village built by indigenous people for this occasion. Brazilian indigenous populations played a major role in this event, which allowed them to consolidate international alliances both with other indigenous people and with supporting NGOs. Today, according to the Ministry of the Environment, "a process to empower indigenous people and their communities through policies and legal instruments is in place". Indigenous people are partially involved in resource management strategies and programs at the national and local levels, as for example the Council of the Program for the Protection of Indian Lands in the Amazon and the Committee in Demonstration Projects, both
part of the Pilot Program for the Protection of Tropical Forests. There are 109 registered Indian associations, with broad geographic, ethnic and gender representation. 

I.1.6. Enhanced Role for Non-State Actors

Finally, recent years have seen the possibility for enhanced role of non-state actors, both NGOs and business organizations, broadening the dialogue and contributing to a deeper global environmental awareness. The Federal Constitution establishes citizens’ right to form an association, as well as the right to information, of personal, collective or general interest, provided by government bodies and agencies. NGOs’ role in decision-making processes was enhanced through official policies. IBAMA officially acknowledged the role of NGOs in environmental protection and stated the intention of working more closely with them. NGOs participate in various human rights and environmental councils, in the discussions involving the structures and procedures of the National Council on Sustainable Development, and played a major role in the organization of the Rio + 5 meeting in March 1997. A legislation granting broader access of NGOs to the judiciary was passed. As of 1997, NGOs will be allowed to participate in the conception, establishment and evaluation of official mechanisms to review Agenda 21’s implementation. NGO inputs are considered important by the government. In addition, an important step in the affirmation of citizen’s rights was taken with the introduction of the requirement for Environmental Impact Studies or Reports in order to obtain a licence for "activities that change the environment". Society has the right to question these studies or reports in Public Hearings organized with those who have applied for the licence as well as those who are questioning it. Public hearings are becoming an important stage for raising social and ecological awareness and for promoting more democratic control over environmental protection. In Amazonia, these hearings have been the object of great

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676 In treating NGOs and business organizations in the same sub-section, I do not imply in any way that they play equal or even comparable roles in promoting environmental protection. However, the incorporation of environmental concerns in business, at least at the level of discourse, does represent an advance from the complete ignorance of any environmental consideration which dominated until then and even from the argument that the possibility of being polluted was an attractive comparative advantage for Brazil, as had been claimed at the time of the Stockholm Conference in 1972.


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popular interest, and have consolidated the alliance between local groups such as the rubber tappers and researchers and technicians providing them with relevant advice.\footnote{Gonçalves gives two examples of public hearings in Amazonia, one on the impact of expanding cattle-ranching activities in the municipality of Rio Branco, in the state of Acre, which gathered 450 participants, and one on the deforestation caused by the BR-156 between Rio Preto and Laranjal do Jari in Amapá, which gathered 1000 participants. In the first case, the EIS was rejected, and in the second, the Amapá State Environmental Coordinating Board incorporated all the demands presented by the National Council of Rubber Tappers. See Carlos Walter Porto Gonçalves (1992:47-51).}

An awareness of environmental problems also started to be detectible in business sectors. Brazilian entrepreneurs can even be considered pioneers in Latin America. 48 companies and professional associations have subscribed to the International Chamber of Commerce Business Charter for Sustainable Development and three large corporations are members of the World Business Council for Sustainable Development. Entrepreneurs have funded the Brazilian Foundation for Sustainable Development in 1991, to prepare UNCED, and which has played a major role in the preparation of the Rio + 5 meeting in March 1997. It gathers several large corporations, including Petrobrás and the Rio Doce Valley Company (CVRD). CVRD has been developing its own environmental policy already for some time. It has adopted the concept of sustainable development as its guideline, stating that "economy and environment are two sides of the same coin". Since 1981 it has 15 Internal Commissions on the Environment (\textit{Comissões Internas de Meio Ambiente, CIMAs}), aimed at integrating environmental protection in companies' activities. CIMAs have the ambitious goals of promoting a whole series of measures: environmental education and social harmony among migrant and native communities, ecological zoning, scientific studies on environmental management, demarcation of indigenous lands and inventories of flora and fauna. In Amazonia, CVRD's CIMA concentrate on the environmental effects of the Carajás Program (PGC). Between 1980 and 1985, CVRD invested US$ 53 million in environmental projects in Carajás.\footnote{Source: Companhia Vale do Rio Doce (1986) \textit{Meio Ambiente e Desenvolvimento Econômico. A Experiência da CVRD}. Rio de Janeiro, September 1986. Ironically, CVRD's document criticizes the "developmentalist policies" that gave birth to it for ignoring ecological limits and for not evaluating the loss of environmental value.} CVRD's mining project has been described as "an example of a well-conceived program in environmental terms", and the phasing out of the agricultural and pastures poles in the PGC have been envisaged as "a change in the development approach to the region".\footnote{Observation of Ronaldo Serafim da Motta (1993:8). Da Motta however notes that in the metallurgy component of the PGC, the strict reforestation requirements were never followed in practice and that deforestation is reaching alarming levels.} Efforts were also undertaken by Aracruz Celulose, an important pulp and

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DOI: 10.2870/73863
paper company, in the area of reforestation, in an attempt to revert its image of environmental destructor. Though insufficient, the incorporation of environmental concerns in companies such as the CVRD, the largest mining complex in the world, and Aracruz, the largest Brazilian pulp and paper firm, does represent a step forward when compared to the complete absence of environmental concern, not even at the level of discourse, which had prevailed thus far. There is now even a Business Forum for the Sustainable Development of Amazonia, which aims at articulating initiatives and at developing common business and public policy proposals.

I.2. International level

I.2.1. Brazil’s Role During UNCED and Beyond

At the international level, the traditional defensive position based on the sovereignty argument gave place to a more cooperative stance, culminating in 1992 with the offer of the Brazilian government to host the United Nations Conference on Environment and Development. Brazil assumed an active role during the "Prepcoms", the Preparatory Comittees, and UNCED itself, leading the elaboration of the Biodiversity Convention and showing real committment to the Climate Change Convention. Nationalistic positions were still preponderant in the position on forests, which led Brazil to form an alliance with other G77 countries such as Malaysia, Indonesia and China (see chapter 4) in order to block agreement on a possible international forest convention. In the period prior to UNCED, sectors of the Brazilian military had been active voicing in their opposition to the "internationalization of Amazonia" and promised to react with a war if environmentalists were to "invade" Amazonia in order to transform it into an ecological reserve. At that time, several international leaders made pronunciations in favor of the protection of Amazonia. France’s Prime-Minister at the time, Michel Rocard, for example, called for an ecological "right of interference" which "should not be limited by the sovereignty of one country or another". In the light of these declarations, General Thaumaturgo Sotero Vaz, then chief of the Amazonian Supreme Command, promised that "the Armed Forces will not allow the United Nations to approve at UNCED motions

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restricting national sovereignty in the region or creating indigenous nations under its aegis. The military even started a campaign called "A Amazônia é nossa" ("Amazonia is Ours"), reminding the nationalist campaign in the fifties on oil ("O Petróleo é nosso") which led to the creation of the national oil company, Petrobrás. This strong position of the military, backed by some segments in government, explained the "blockage" position that Brazil adopted regarding a possible international forest convention. Yet despite reminders of the nationalistic position which had prevailed in Stockholm in 1972, Brazil’s position during UNCED recognized the extreme relevance of global environmental problems and saw it as a priority in the international community’s agenda. It identified differentiated responsibilities in environmental degradation, the advanced industrialized countries being pointed out as the main contributors to global environmental change, and thus claimed the transfer of international financial resources and of technology to help developing countries protect their natural environment. Finally, it linked poverty to environmental degradation and called for a reform of the international economic order to fight inequality at the global level. The UNCED Conference is said to have completed Brazil’s shift toward a responsible policy regarding global environmental affairs.

Still in the context of a shift towards a "cooperative" stance on environmental affairs, the Brazilian government reverted its traditional opposition to the debt-for-nature swap mechanism. Swaps mechanisms were designed to a large extent for a country like Brazil, who had both a massive foreign debt and the largest tropical forest in the world. The Brazilian government’s reversion of position was more symbolic than anything, as no swap was in the end carried out in Brazil, but it showed a true will to change approach as far as international cooperation is concerned. Debt-for-nature exchanges or swaps were developed in the mid-1980s as instruments to explore the possibilities for linking additional money for the environment with debt reduction in projects in the debtor country. A debt for nature swap is a class of debt-for-equity swap where debts are bought at discount and exchanged for the debtor government’s commitment to the financing of domestic environmental programmes in

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local currency.\footnote{685} These types of swaps have been carried out in Bolivia, Costa Rica, Ecuador, the Philippines and other countries, and comprise an alliance between a Northern NGO with a local NGO which becomes the direct beneficiary of the operation and is responsible for the use of the amount of debt transferred to develop projects of forest conservation. Despite some controversies on the project, in June 1991, President Fernando Collor de Mello accepted the idea of the swaps, under the pressure of a conservation organization, FUNATURA and of international allies. The implementation of the projects has however been blocked by a series of financial measures.

UNCED was considered as a great success by the Brazilian government at that time. President Collor was delighted to announce that, "beyond the strengthening of our prestige for having hosted the conference, the international recognition for the good conduct of our economic policy and for the seriousness of our projects in the environmental area has come in the form of important external funds". Collor announced that Brazil had obtained US$ 4.6 billion during UNCED, including US$ 1.1 billion from Japan, US$ 1 billion loan from the World Bank, US$ 2.2 billion from the IDB, and US$ 300 million from Germany \footnote{686}. After UNCED, many projects based on international cooperation were launched such as the FUNBIO and the SIVAM. FUNBIO, created in September 1995, is a mechanism which provides resources for biodiversity projects in Brazil with the aim of contributing to the conservation and sustainable use of biodiversity. Concretely, it allows for the implementation of the Biodiversity Convention signed in 1992 during UNCED, with resources coming from the World Bank's Global Environment Facility (GEF). SIVAM, which implements the use of sensor in monitoring forests, will allow for a more efficient control of fires and deforestation. In addition, in an effort to strengthen regional cooperation, the countries of the Amazon Cooperation Treaty (TCA) have attempted to develop a framework to deal with issues of sustainable development, biodiversity and indigenous affairs. In 1995 member countries adopted the Tarapoto Proposal on Criteria and Indicators for the Sustainability of the Amazon Forest. Finally, more recently, at the June 1997 New York Summit which concluded the revision of UNCED's implementation five years after Rio (known as 'Earth...
Summit II’), Fernando Henrique Cardoso announced a series of important measures, including a cooperation program with Germany and the incorporation of Agenda 21 in Brazil’s next pluriannual plan of the country. Two examples of programs based on international cooperation of particular importance are worth considering in more detail: the G7 Pilot Program for Amazonia, and projects aiming at implementing the International Tropical Timber Organization’s guidelines for sustainable forest management.

1.2.2. The Pilot Program For Amazonia (PPG7)

The most important international instrument dealing with the deforestation problem in the Amazon is the 'Pilot Program for the Protection of Tropical Forests in Brazil' (commonly referred to as 'PPG7'), launched after a proposal of the G7 in Houston with funds from the World Bank and the European Union. The PPG7 has been qualified as "unique in that it coordinates the work of several different countries, agencies and funds, all of which are focusing on a single large initiative". The Program approved in 1991 involves external assistance in the form of grants, technical cooperation, and concessional loans, to implement activities in the area of environmental zoning, conservation units, environmental education, natural resource management, monitoring and enforcement, demonstration projects (pilot projects carried out by non-profit groups, small farmers and forest dwellers), and science and technology. So far, out of the $280 million fund, only $165 million has been spent, with projects worth $64 million still being negotiated. In 1995, a cooperation agreement was signed between Brazil and the European Commission to develop a Project of Management, Monitoring and Policies in the framework of the Pilot Program to support the integrated implementation of the program’s different components. Among the many components of the Program, the Project to Support Forest Management in Amazonia, part of the demonstration projects, represents a significative advance, having adopted a participatory methodology and being based on a wide vision of the intersectorial problems which hamper sustainable management. An Amazonian Working Group (Grupo de Trabalho Amazônico, GTA) was formed in 1991 comprising 320 members and forming a coalition of environmentalists, rural unionists, community groups and indigenous people. The recognition by all participants that

On the Pilot Program to Conserve the Brazilian Rainforests see Grupo de Trabalho Amazônico/Amigos da Terra Internacional (1994) and (1996) and Garo Batmanian (1994).
NGOs have an important contribution to make, being uniquely positioned to implement certain kinds of field demonstration projects, is considered as the major strength of the PPG7.688

Table 8.3. Pilot Program for the Tropical Forests of Brazil: Funding of Negotiated Projects (August 1996)

<table>
<thead>
<tr>
<th>Demonstration Type</th>
<th>RFT *</th>
<th>KFW</th>
<th>CEC EU**</th>
<th>ODA UK</th>
<th>GTZ D</th>
<th>USAID USA</th>
<th>BR.</th>
<th>TOTAL</th>
</tr>
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<tr>
<td>Natural Resources</td>
<td>20000</td>
<td>24800</td>
<td>22000</td>
<td>5000</td>
<td>5800</td>
<td>2000</td>
<td>11400</td>
<td>89000</td>
</tr>
<tr>
<td>Science &amp; Techno</td>
<td>9000</td>
<td>-</td>
<td>5400</td>
<td>709</td>
<td>-</td>
<td>2000</td>
<td>2980</td>
<td>20980</td>
</tr>
<tr>
<td>Demonstr. Type A</td>
<td>3000</td>
<td>11700</td>
<td>4500</td>
<td>-</td>
<td>1300</td>
<td>-</td>
<td>-</td>
<td>20500</td>
</tr>
<tr>
<td>Extractive Reserves</td>
<td>3000</td>
<td>-</td>
<td>5800</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9660</td>
</tr>
<tr>
<td>Indigenous Reserves</td>
<td>2100</td>
<td>16600</td>
<td>-</td>
<td>-</td>
<td>1400</td>
<td>-</td>
<td>2200</td>
<td>22300</td>
</tr>
<tr>
<td>Managt., Monitoring &amp; policies</td>
<td>-</td>
<td>-</td>
<td>3400</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>430</td>
<td>3830</td>
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<tr>
<td>Total</td>
<td>37100</td>
<td>53100</td>
<td>41100</td>
<td>5709</td>
<td>8500</td>
<td>2000</td>
<td>17870</td>
<td>165379</td>
</tr>
</tbody>
</table>

Source: MOD/BIRD, reproduced in GTA(1997:181). * The Fiduciary Fund RFT was funded by Germany, the European Union, the United Kingdom, the United States, Italy, Japan, The Netherlands and Canada: ** In September 1996 the EU announced additional contributions of US$ 6,500,000 (Sc&T), US$ 5,200,000 (environmental education), and US$ 2,990,000 (technical assistance). France announced a contribution of US$ 2,500,000.

I.2.3. Application of ITTO Standards and Guidelines

After being severely criticized by NGOs and environmentalists for the environmental impact of its programs, the International Tropical Timber Organization (ITTO) has reformulated its policies and has developed the so-called "Year 2000 Objective" according to which all timber exploitation has to be done on a sustainable basis by the year 2000. It now declares that its

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goal is to foster the sustainable use of forest products to promote the economic and social well-being of forest inhabitants. ITTO’s strategy is to integrate logging and traditional Amazonian activities such as extraction of rubber and nuts. In this sense, it follows the trend towards "integration" present in all international development agencies. In recent years, Brazil has demonstrated some willingness to try to comply with basic ITTO guidelines in an effort to discipline the domestic timber market and move towards more sustainable forms of forest management. In this context, several sustainable management operations are under way in demonstration forests being brought under management by federal and state government agencies. One example is ITTO’s project to use low impact logging practices as part of its strategy to integrate logging and traditional activities in the Amazon. The ITTO-funded project, 'Integrated Sustainable Development of the Western Amazon Based on Forest Resources', sets out to determine the viability of sustainable forest management in Amazonia, planning and initiating the industrial processing of timber and non-timber raw materials which are to be produced on a sustainable basis in the Antimari State Forest (in the State of Acre). The project, part of the integrated land-use policy within the region, aims at the "management of forest resources for sustainable production in order to raise the standards of living of the rural population, the economic prosperity of Acre and the wealth of the region in ways which are environmentally and economically sound". Families are organized into a local association and assisted with the planning of sound economic activities, including improved collection and local processing of rubber and Brazil nuts, and forest management for timber production on a sustainable basis. It will try to determine whether the processing and sale of sustainably produced products from Amazonian forests can generate enough jobs to make sustainable forest management an attractive land use option. In addition, since 1995, ITTO has been funding a project currently under way in the states of Acre, Rondônia and Mato Grosso. The project aims at disseminating and promoting the use of ITTO Guidelines for Sustainable Management of Natural Tropical Forests and Criteria for the Measurement of Sustainable Tropical Forest Management. The project is developing a data base of forest management plans in these regions and checking their compliance with ITTO’s guidelines and criteria, as well as promoting training courses to forest managers, land users, timber industry and...

government agency staff. ITTO is also funding a project of Multiple-Use Management in the Macauá National Forest to develop sustainable management strategies to increase the economic viability of extractive reserves (currently harvested mainly for natural rubber and Brazil nuts) through further diversification of harvested forest products, including timber.

Both the attempt to comply with some of ITTO’s guidelines and criteria and the development of international cooperation projects such as the Pilot Program for Amazonia signal reform in environmental policy and a significant change in Amazonian policies. While in the 1970s no one called for the preservation of the forest, in the 1990s publicly opposing the preservation has become unacceptable. While in the 1970s cattle-ranching was seen as the way to development in Amazonia, in the 1990s it has become a symbol of destruction. Rubber-tappers had been converted from pariahs to somewhat legitimate actors in Amazonia. The international image of Brazil has improved, as reflected by articles in the international press welcoming the environmental reform and the "Integrated Policy" for Amazonia. The government boasts of having given "a new impulse" to environmental protection in Amazonia, stressing the creation of the Coordination for the Sustainable Use of Forests within the Ministry of the Environment, the development of the system of extractive reserves, and the attempts to control fires in Amazonia through the National System to Prevent and Fight Forest Fires (PREVFOGO). According to official INPE data, the number of fires has been diminishing over the last years, falling from 209,681 in 1991 to 101,428 in 1992, in a 300% decrease rate. INPE also points out to a diminution in the rhythm of deforestation since 1988, as indicated in the table below.

Table 8.4. Extension of Deforestation in Brazil’s Legal Amazonia (km²)


691 To give an example of the importance of ITTO’s funding, this project, PD 13/96, is based on a total budget of US$ 1,093,493, of which ITTO’s contribution amounts to US$ 823,493. Source: ‘ITTO’s Project Work: a Briefing’, in Tropical Forest Update vol. 6 n°2, 1996/2:17.

692 Elizabeth Dare (1996:15).

693 The Financial Times notes that "the country’s environmental reputation, at its nadir in the late 1980s when the world was shocked by the photographs of the Amazon burning, has recovered slightly. The country’s constructive role at the Rio de Janeiro Eco’92 summit was praised". See Angus Foster, ‘Brazil seeks a “sustainable” Amazon’. Financial Times 19th April 1995.

694 Source: Ministry of Foreign Affairs, 'A Floresta Amazônica e o Questao Ambiental'. Homepage MFA (MRE) February 1996.
Chapter VIII. Globalization and Sustainable Development in Amazonia

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<tbody>
<tr>
<td>Acre</td>
<td>2500</td>
<td>8900</td>
<td>9800</td>
<td>10300</td>
<td>10700</td>
<td>11100</td>
<td>12064</td>
</tr>
<tr>
<td>Amapá</td>
<td>200</td>
<td>800</td>
<td>1000</td>
<td>1300</td>
<td>1700</td>
<td>1736</td>
<td>—</td>
</tr>
<tr>
<td>Amazonas</td>
<td>1700</td>
<td>19700</td>
<td>21700</td>
<td>22200</td>
<td>23200</td>
<td>23999</td>
<td>24739</td>
</tr>
<tr>
<td>Maranhão</td>
<td>63900</td>
<td>90800</td>
<td>92300</td>
<td>93400</td>
<td>94100</td>
<td>95235</td>
<td>95979</td>
</tr>
<tr>
<td>Mato Grosso</td>
<td>20000</td>
<td>71500</td>
<td>79600</td>
<td>83600</td>
<td>86500</td>
<td>91174</td>
<td>103614</td>
</tr>
<tr>
<td>Pará</td>
<td>56400</td>
<td>131500</td>
<td>139300</td>
<td>144200</td>
<td>148000</td>
<td>151787</td>
<td>160355</td>
</tr>
<tr>
<td>Rondônia</td>
<td>4200</td>
<td>30000</td>
<td>31800</td>
<td>33500</td>
<td>34600</td>
<td>36865</td>
<td>42055</td>
</tr>
<tr>
<td>Roraima</td>
<td>100</td>
<td>2700</td>
<td>3600</td>
<td>3800</td>
<td>4200</td>
<td>4481</td>
<td>4961</td>
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<tr>
<td>Tocantins</td>
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<td>21600</td>
<td>22300</td>
<td>22900</td>
<td>23400</td>
<td>23809</td>
<td>24475</td>
</tr>
<tr>
<td>Amazônia Legal</td>
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<td>377500</td>
<td>410400</td>
<td>415200</td>
<td>426400</td>
<td>440186</td>
<td>469978</td>
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</table>


Though it is still an incomplete reform and the implementation of some aspects is and will be extremely problematic, the acceptance of the concept of "sustainable development" represents an advance in relation to the previous situation of complete ignorance of environmental considerations. In particular, there have been two considerable advances: one is the will to extend public participation in environmental policy and to the establishment of new partnerships with NGOs, business, the scientific community and international institutions, such as for example in the cases of extractive reserves or of the PPG7. Efforts have been made to decentralize government action, through the establishment of the Program 'Projects of Decentralized Execution (PED)', which aims at strengthening environmental management at the level of the municipality. It tries to integrate the different levels of government - federal, state and municipality - with civil society on specific environmental projects to be carried out at the level of the municipality.695 The elaboration of State Environmental Plans (Planos Estaduais Ambientais/PEAS) also attempts to encourage a growing participation of

695 This program is being funded by a US$ 60 million grant from the World Bank, and encompasses projects in Amazonia but also the Pantanal, the Mata Atlântica, Cerrado, Caatinga and the Coast Zone. Each state can benefit from resources varying between US$2 and US$ 5 million, to be applied in programs co-managed with social groups. Source: Andrea Barreto 'Os Desafios da Descentralização', In Políticas Ambientais n° 8, May 1995:12.
local communities in the process of environmental management. The other important advance is the attempt to establish partnerships within the government, with the intention to 'integrate' environmental protection in all government agencies and at all levels of government. The recently created Commission for Sustainable Development Policies and National Agenda XXI, for example, which is directly linked to the Presidency and composed of representatives from several ministries and from civil society, is in charge of ensuring partnership between the different levels of government, the productive sector and NGOs. This 'integrative' approach, also present for example in the ITTO's guidelines and criteria, has been recommended at the international level as the main strategy in order to make 'environment' and 'development' compatible, and is one of the pillars of the European Union's environmental policy.696

II. Explaining and Evaluating Environmental Policy Change: Three Approaches

The end of the 1980s and beginning of the 1990s thus witnessed an undeniable shift in the Brazilian government policies regarding Amazonia, affecting the dynamic of deforestation in the region. The shift seems to indicate a change in the determinants of Brazil's environmental policy, showing a growing role of international factors in decisions affecting the political economy of environment and development in Amazonia. Considering the nationalistic character of Brazil's reactions to international interference in the past, it is interesting to investigate the reasons for this policy shift and ask how it became politically possible. The role of international campaigns in favor of environmental protection and the Amazonian rainforest has often been identified as the main force behind this policy reform. Neoliberal Institutionalists argue that the shift reflected Brazil's perception of the interests at stake in the global environmental debate, and was the result of the dynamic created by the development of an "international regime" for tropical forests and of the existence of an "epistemic community". Realists instead see issues of strategy and security as having played a major role. Yet, while inter-state negotiations and the development of institutions and regimes at the

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696 The 'integration of environmental protection into other policies' is, together with shared responsibility and subsidiarity, one of the major concerns of the European Commission and of the 1992 EU's 5th Environmental Action Program. It was formulated in 1983 and remains one of the guiding principles of EU action, having becoming a legal requirement in 1987 in accordance with Article 130r of the EU Treaty. Examples of efforts to integrate environmental considerations are found in the reform of the Common Agricultural Policy and in the reform of the Union's Structural Funds.
international level, stressed by Neoliberal Institutionalists, and the issues linked to 'environmental security', emphasized by Realists, have both played a role in delimiting the international framework for action. Explanations focusing exclusively on international causes tend to present ahistorical and "problem-solving" accounts concerned almost exclusively with inter-state bargaining and policy-making. Instead, I suggest a critical, political economy approach which tries to bridge the domestic-international divide by presenting a causal construct that links both global change and local actors in the making of environmental politics in Brazil.

Table 8.5. Competing Approaches to Amazonian Policies

<table>
<thead>
<tr>
<th>Causes of forest destruction</th>
<th>Realism</th>
<th>Neoliberal Institutionalism</th>
<th>Critical IPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Imbalance between population and resources: settlement plans and frontier expansion.</td>
<td>1. market failures: externalities, inadequate pricing of forest products 2. Bad Management: rural subsidy (SUDAM)</td>
<td>1. Model of accumulation: developmentalism in the past, globalism today. 2. System of political and social relations</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Causes for Policy Reform in Brazil</th>
<th>Realism</th>
<th>Neoliberal Institutionalism</th>
<th>Critical IPE</th>
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</thead>
</table>
II.1. Neoliberal Institutionalism: Shift in Interest, Institutions and Epistemic Communities

II.1.1. A Shift in Interest: Environment, Trade and Development

According to the Neoliberal Institutionalist viewpoint, one of the major reasons for environmental policy shift in Brazil is the perception that the country's national interest was to try to improve environmental protection at the domestic level. The very nature of environmental issues has contributed to make the Brazilian government abandon its view of forests as a purely national resource and recognize their role as global resources. Indeed, the Amazonian issue was starting to bear upon Brazil's broader foreign policy goals. It was not just the direct political and economic costs of external pressure, but rather their impact on Brazil's broader foreign policy objectives that was decisive in helping to shift Brazilian policy. At the end of the 1980s, Brazil was showing willingness to improve its relations with developed countries. During the Collor administration, Brazil was beginning a liberalization process aiming at better integrating the country into the world economy. Collor's modernization and liberalization project could only succeed if cooperative relations were established with developed countries. It could not afford to suffer discrimination for environmental reasons. Samey's discourse on the "internationalization of the Amazon" and
his focus on sovereignty had given the image of Brazil as an environmental villain, and was having negative impacts on the country's foreign relations. Collor made sustainable development and economic liberalism the two main axes of his foreign policy discourse. Thus Brazil's change of stance on the environment reflected the will to preserve its main political interests on trade, debt, and development. The weight of international factors in explaining the government's change of stance on environmental issues is indeed recognized by sectors of the Brazilian diplomacy. According to the former head of the Environment Department of the Brazilian Ministry of Foreign Affairs, there are no less than 31 'self-sufficient' reasons that justify the qualification of environmental questions as central and priority issues in Brazil's foreign policy agenda, among which "because environmental issues are deeply related to fundamental questions of world trade and finance and (...) give rise to a large amount of conditionalities in financing projects", and "put at stake enormous world economic and financial interests".

II. 1.2. International Public Opinion and Epistemic Communities

The Neoliberal Institutionalist approach also views international public opinion has having an impact on the shift in environmental policy in Brazil. At the beginning of the 1990s, environmental concerns were very high in developed countries. Public opinion was becoming increasingly aware of the extent of environmental destruction, especially on the issue of tropical forests. The exotic nature of the topic, linked to its immediate perception contributed to promoting a sort of mobilization in favour of tropical forests. Second, several campaigns were launched through the media, which played a major role and provided supportive structure to the on-going issue of environmental protection. In the case of the Amazon, the records in depletion attained in 1988, when satellites detected huge fires, together with the murder of Chico Mendes, a trade unionist rubber-tapper who fought for the protection of the forest, were also widely covered by the media. The linkage between deforestation and global warming was made, and fighting for the preservation of Amazonia became a way to preserve lifestyles and production and consumption patterns in developed countries. In this context,

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NGOs started to multiply their efforts to promote the protection of tropical forests. These included not only demonstrations and campaigns, but also the organization of boycotts and bans. Recently, Friends of the Earth UK organized a campaign asking for a total ban on the trade of mahogany until more stringent environmental and social standards are adopted. This campaign led to the conclusion of voluntary agreements between Amazonian producers and the British Timber Trade Federation. Some British firms even stopped selling mahogany products as a result of pressure from public opinion. Since the campaign, mahogany imports into the UK have dropped 68%. NGOs have also been pressuring the Brazilian government to include mahogany on the CITES (Conference on the International Trade in Endangered Species) list of endangered species. Greenpeace has also been working with local communities and indigenous people to revert deforestation by targeting the mahogany industry. Greenpeace claims that as a result of its action several logging companies have been forced to stop their operations in the Indian lands of the State of Pará, and the state Association of Timber Exports was forced to sign an agreement not to log in Indian lands anymore.699

Besides direct external pressure by foreign NGOs, another important factor was the development of an alliance between grassroots organizations in Brazil and international NGOs which in turn sought support from their governments to pressure Brazil. A "vertical link" was created between Brazilian and international NGOs. A "vertical link", according to Ronen Palan, creates a direct link whereby a group residing in one society is attached to a group residing in another by common purposes or interests.700 In the case of Amazonia, the development of this vertical link allowed grassroot movements and national NGOs to bypass the national government. By ensuring the support of their counterparts in developed countries, they got governments of the United States and of some European countries to exerce diplomatic pressure on the Brazilian government in favour of the protection of the Amazon. There are numerous examples of these links. A well-known one is the case of the World Bank-funded BR 364 highway to Rio Branco, capital of the State of Acre. The project was criticized for fostering emigration and deforestation in the region. An alliance was concluded between, on the one hand, US environmental NGOs (such as the Environmental Defense Fund


De Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil European University Institute DOI: 10.2870/73863
and National Wildlife Federation) and, on the other hand, Brazilian NGOs and social movements such as the Rubber Tappers Council, the Union of Indian Nations, the Institute of Amazonian Studies, to pressure the World Bank to abandon its plans to fund the BR 364. These links have also functioned particularly well in the case of extractive reserves. In this specific case, a combination of growing internal and external pressure in the form of a transnational coalition formed by sustainable grassroot groups, social groups such as unions, left-wing political parties, domestic and international environmental NGOs and temporarily the US Congress all exerted decisive pressure upon the highest levels of the Brazilian government in favor of the establishment of extractive reserves.\footnote{The case is described in Eduardo Silva (1994:704-708).} The shift in environmental policy-making in Brazil and the establishment of extractive reserves can thus be interpreted as resulting from the action of an "epistemic community" with broad international support.

II.1.3. The Shift Within the International Development Community

Finally, the role of the nascent forest "international regime" is stressed by Neoliberal Institutionalists as a main reason for Brazil’s change of stance on environmental policy. Though there is no "international regime" strictu sensu, as no legally-binding convention or treaty regulates the problem of deforestation, several instruments exist, forming a sort of informal "regime". This regime encompasses both provisions in development and trade programs and environmental measures per se. As stressed in Chapter 3, there has been a shift in priorities in the international community, which made available financial and technical assistance (to a certain extent) in order to include environmental concerns in development projects. International institutions help institutional-building, establishing technical and legal standards, improving enforcement and undertaking research, as well as providing financial support. The growing involvement of the international community in environmental issues in Brazil has played a critical role in reinforcing and assisting the domestic forces pressing for environmental reform. After 1988 the World Bank established new environmental conditionalities linking the concession of new funds to the submission of environmental impact assessments, affecting Brazil in the electric and in the mining sector. Besides direct
economic pressure, the multiplication of environmental conferences has provided the opportunity to launch debate, given incentive to research and new technologies, and attracted media coverage, thus increasing public awareness. Parallel to increasing diplomatic pressure, developed countries multiplied forms of economic instruments to address the issue of forest protection. These included the application of conditionality in the concession of new loans and credits, limiting Brazil’s access to multilateral finance: the use of unilateral trade measures, the development of projects of timber certification and eco-labelling, and the move towards the inclusion of environmental clauses in GATT and then in the WTO. Of particular concern to Brazil is the development of an international certification scheme for tropical timber, which would discriminate against timber extracted in an unsustainable manner. All these factors contributed to build the awareness that preserving Amazonia was in the country’s national interest and that failing to revert deforestation would negatively affect the country’s international image.

II.2. Realist Interpretations: Power, Hegemony and Security

At the other end of the theoretical spectrum, Realists would interpret policy change in Brazil as resulting more from factors linked to hegemony and security. If Brazil has changed its stance on environmental policy and policies affecting Amazonia, it is first because hegemonic powers have pressured it to do so, and second, because Brazil itself perceived the issue as an opportunity to make claims within the international power system.

II.2.1. Hegemonic Pressure on Brazil

In the Realist perspective, the changing agenda of the United States in relation to Latin America had a real influence on the Brazilian government’s decision to carry out an environmental policy reform. Indeed, after the emphasis on security considerations which dominated the Cold War years, the mid-1980s saw the growing focus on trade as a central element in US foreign policy towards Latin America. Trade liberalization was seen as a means to foster US interests in Latin America. This trade-dominated orientation of US foreign

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702 See Gordon J. MacDonald and Marc A. Stern (1997:5 and 11).
policy contributed to the establishment of linkages between trade and non-trade issues such as environmental protection, social rights or human rights. Trade negotiations became the fora where all issues would be addressed, providing the US with a sustained leverage over the bargaining process. This leverage allowed the US to include the issue of environmental protection in many international discussions. In particular, the focus on the issue of tropical deforestation served well US strategic goals, since emphasizing deforestation as a major factor contributing to global warming diverted the attention away from the issue of emissions caused by industrial activities, for which the US has a very high share in responsibilities. By focusing on the role of forests as "carbon sinks", reducing the effects of CO2 in the atmosphere and helping to fight global warming, the US could soothe its environmentalists without facing the strong reaction that a reduction in industrial emissions would provoke within national business and industrial sectors, while allowing for the maintainance of its standards of living and consumption. Another reason for the special attention given by the US and other developed country to Amazonia was its importance as a "reservoir" of biodiversity. Deforestation in Amazonia could mean the reduction of biological diversity and of the genetic materials which are the basic sources of medicinal and chemical products, representing a potential loss for pharmaceutical remedies and other chemical processes, as well as agriculture. The success of the pharmaceutical industry itself is, to a certain extent, dependent on the existence of tropical forests. The pharmaceutical lobby was thus actively supporting measures to preserve rainforests in general and Amazonia in particular. These two reasons motivated the formation of a coalition of advanced industrialized countries in favor of the preservation of Amazonia both as a main instrument to fight global warming and as a "reservoir" of biodiversity. This configuration of interests at the international level explains, in the Realist perspective, the high degree of pressure exerted on the Brazilian government to fight deforestation and ultimately its decision to redirect its policy towards Amazonia.

II.2.2. Strategic Opportunities for Brazil

703 MacDonald and Stern (1997:5-6).

A second factor put forward by Realists is the perception by developing countries such as Brazil that international environmental negotiations could provide a unique forum to discuss development and the international economic order. The end of the Cold War strengthened the feeling that Latin America was becoming increasingly marginalized. The perception was that many of the factors that had fed interdependence were losing their force. Thus, the emergence of global environmental interdependence was seen as an important exception to this trend. Since the Stockholm Conference in 1972, developing countries had been refusing all forms of interference in their internal environmental affairs. As far as tropical forests were concerned, they advanced sovereignty criteria to oppose any instrument dealing with forests at an international level. However, during the UNCED negotiation process, forests began to be considered by developing countries as bargaining tools for other negotiations and for obtaining additional resources and transfer of technology. Indeed, many countries in the South believed that the growing concern about the environment in the North gave them a bargaining leverage for their demands on global economic relations. UNCED for example was looked upon as a "conjunctural window" where a few cards could be played. Developing countries realized that not only was their participation essential for a real solution to emerge on issues such as global warming or tropical deforestation. They also perceived themselves as having a high potential of "nuisance capacity" through deforestation, the pollution of oceans, air and soils. In addition, the South has the largest share of natural and biogenetic resources in the world. Amazonia is the richest ecosystem on earth in terms of biological diversity. This situation gives southern countries, and Brazil in particular, some "resources" and leverage power in negotiations. According to Mac Neill et al, developing countries "saw an opportunity to hold the environment hostage to the resolution of certain equity, debt, technology transfer, trade and other economic development issues".

During UNCED negotiations, the Group of 77 based its strategy on a document prepared by the South Centre which highlighted the need for developing countries to take advantage of developed countries'
interest in forests in order to obtain some sort of compensation for tropical forests’ protection.\footnote{708} The decision to undertake policy reform in Amazonia was part of a strategy aiming at trying to benefit from developed countries’ interest in the region and to gain access to resources and technology.

Finally, Realists also stress the potential strategic use that Brazil could make of the possession of such valuable natural biodiversity resources. The national biodiversity reserves, and Amazonia in particular, can be seen as one of the few "strong cards" of which Brazil disposes to reposition itself in the global geopolitical scenario. They would confer to the country important comparative advantages in the global competitiveness game.\footnote{709} Such an asset is recognized and put forward by the Brazilian government. The National Integrated Policy for Legal Amazonia believes that the Amazonian Project will "help the country face the challenge to define a new and better pattern of insertion in the international system", and identifies the "comparative advantages Amazonia possesses in front of the country and the world: its territorial dimension, its geographical position, the magnitude and diversity of its resource base and its cultural identity".\footnote{710} Strategic considerations stressed by Realist analysis thus played a role in determining the recent focus of the Brazilian government on environmental protection and forest preservation in Amazonia.


Both Neoliberal Institutionalism and Realism shed light on important aspects of the "internationalization" of Brazil’s environmental policy and contribute to draw an accurate picture of the international setting within which the policy shift took place. Yet they only provide an incomplete account of the changes taking place in Brazil today in respect to

\footnote{708} According to this document, "the Conference provides an opportunity for the South to call for the adoption of an integrated approach to resolve many outstanding global environment and economic problems. UNCED also provides the South with an opportunity to exercise considerable leverage and bargaining power. One of the "strategic considerations for the South" should therefore be "restructuring global economic relations in such a way that the South obtains the required resources, technology and access to markets enabling it to pursue a development process that is not only environmentally sound but also rapid enough to meet the needs and aspirations of its growing population". See South Centre (1991:1). For a view of North-South conflicts during UNCED negotiations see Valérie de Campos Mello (1993).}

\footnote{709} This view is expressed by Pedro Leitao Filho, in Cordani et al (1997:201-2).

\footnote{710} Ministério do Meio Ambiente (1995), paragraphs 2 and 5.
Amazonian policies. I argue that environmental politics is better apprehended structurally, as inserted within the global process of capital accumulation and as resulting from dynamic interaction between local, national and global factors. In order to understand the transformations in Amazonian policies in the 1990s, the critical IPE approach which I use considers the impact of international political economy on domestic politics and on the domestic economic policy, or, in other terms, how the "outside" becomes the "inside" and the "inside" becomes inseparable from the "outside". As stressed by Palan, "the problem of causation, which assigns predominance to either the domestic or the international, is misdirected. The evolution of a system comes about by internal responses to outside circumstances that are in turn re-affective in relation to the general environment as a whole".711 It is more the dynamic combination of domestic and international factors which is responsible for this transformation. Indeed, while some of the pressure for environmental reform in Latin America has come from the environmental movement internationally, rare are the Latin American governments which have taken action in defence of the environment without pressure from below, from their own citizens.712 As underlined by Hecht, "it is important to understand that the Amazon is not a first world colony, and that the destiny of the region will be shaped through local and national politics to a greater degree than international pressure".713

II.3.1. The Rise of the Brazilian Environmental Movement and Political Change in Democratic Brazil

Environmental policy reform has first to be situated within the context of a change in the structure of social and political relations in Brazil. At the end of the 1980s, political support for policy shift at the internal level was beginning to emerge. Brazil had just started a new democratic era, with the direct election of the first civilian president in thirty years. The new democratic regime allowed for the manifestation of genuine environmental concerns, present

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in the country's cultural identity.\textsuperscript{714} With the return of the country to democracy, the ecological movement established itself as a permanent political actor and the environmental issue became a locus for the exercise of citizen rights. The movement channeled the protest against the particularly predatory development model introduced during the military regime and its disastrous effects on the environment. Today, the environmental movement in Brazil is the oldest and most developed one in Latin America. It has gone through different phases.\textsuperscript{715} According to Viola, the environmental movement in Brazil emerged in the mid-1970s, when the first environmental NGO of Brazil (and of Latin America) was created. During a first phase, the environmentalist phase from 1974 to 1981, the movement was rather apolitical. In the context of authoritarian rule, NGOs developed small projects, and worked in underground conditions, having no access to the media or to government funds. From 1982 to 1986, the movement went through a phase of transition. With the return to democracy and the realization of elections, NGOs began a politicization process, and environmental issues started to be more conceived as linked to the general issues of power and property in Brazil. After the isolationism that characterized the foundation phase, the years since 1987 have seen a growing institutionalization of the environmental movement, with a clear predominance of professional organizations whose goals are no longer restricted to raising awareness. Rather, the goal has become to formulate alternatives to improve the situation of the environment. The Rio Conference in 1992 allowed for a real consolidation of the environmental movement in Brazil. In June 1990 the Brazilian Forum of NGOs and Social Movements was created to prepare UNCED. The Forum aimed not only at organizing and participating in the "Global Forum of NGOs" which took place parallel to the official UNCED meeting. It aimed at interfering with the decisions taken at UNCED, at using the event to denounce the environmental situation in Brazil, propose alternatives and solutions, and finally strengthen social movements and inter-NGO cooperation and work to promote an improvement in the quality of life, not only of environmental standards \textit{strictu sensu}. At the time of UNCED, 1,500 organizations were registered. Today, the National Register of Environmental NGOs indicates the existence of 985 bodies which recognize themselves as environmentalist, of

\textsuperscript{714} For more on the origins of political ecology in Brazil see José Augusto Pádua (1991).

\textsuperscript{715} This sections on the evolution of the environmental movement in Brazil draws on Eduardo Viola (1987) and (1997).
which 725 are NGOs. Today, the movement is fully established and institutionalized, with a well-implanted network of activists and organizations.

Table 8.6. Environmental Organizations by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Governmental</th>
<th>NGO</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>32</td>
<td>55</td>
<td>87</td>
</tr>
<tr>
<td>Northeast</td>
<td>54</td>
<td>90</td>
<td>144</td>
</tr>
<tr>
<td>Center-West</td>
<td>35</td>
<td>69</td>
<td>104</td>
</tr>
<tr>
<td>Southeast</td>
<td>78</td>
<td>346</td>
<td>424</td>
</tr>
<tr>
<td>South</td>
<td>61</td>
<td>165</td>
<td>226</td>
</tr>
<tr>
<td>Total</td>
<td>260</td>
<td>725</td>
<td>985</td>
</tr>
</tbody>
</table>


As indicated in the table above, a large majority of these groups is located in the South and Southeast regions of Brazil. Yet, besides the urban middle-class activists dominant in the South, the environmental movement in Brazil is also made of grassroots, community-based groups, small producers, rubber-tappers, landless peasants and indigenous populations. Today, it is estimated that there are over 300 associations working on topics related to Amazonia, representative of the environmental movement, of extractors, small producers and organized communities. The environmental movement in Brazil has been able to create alliances or work with other sectors such as unions or other social movements. Alternative social movements started to proliferate, with the outstanding example of the development of the "Forest Peoples’ alliance", where rubber tappers and indigenous peoples signed a pact for the defense of forests and land rights of forest people. Viola identifies thirteen political actors involved with "socioenvironmentalism": 1. the rubber tappers (responsible for the extractive


718 On the Alliance of Forest People, see Conselho Nacional dos Seringueiros, Sindicato dos Trabalhadores Rurais de Xapuri, Central Unica dos Trabalhadores, Aliança dos povos da Floresta, Janeiro de 1989.
reserves initiative); 2. the indigenous peoples (who fight for land demarcation); 3. the landless farmers of the MST (who have elaborated a proposal of "ecological agrarian reform"); 4. communities affected by dams (organized in a strong association, Movimento dos Atingidos por Barragens, which has succeeded in influencing Electrobras' planning); 5. neighborhood associations (fighting for specific anti-pollution or quality of life projects); 6. health practitioners; 7. students; 8. consumer groups; 9. the peace movement; 10. members of religious or spiritual groups interested in "personal ecology" groups (homeopathy, acupuncture, yoga, tai chi chuan.); 11. sectors of the women's movement; 12. urban workers and unions (linking environmental and social issues, notably the CUT union.); and 13. development NGOs, also concerned with environmental protection, of which the strongest example is IBASE, the Brazilian Institute for Social and Economic Analysis, the oldest and largest Brazilian NGO which plays an important role in forming public opinion and influencing policy-making.719 NGOs' main claim regarding the environment is the democratization of the control over natural resources, including equity in the consumption and use of natural resources and in the distribution of environmental costs to development, freedom of access to natural resources but with respect of environmental limits, solidarity, respect for the differences in regards to the relationship with nature, and participation in controlling relations between society and nature.720 Regarding Amazonia, the main concern of NGOs has been to press for more democracy in decisions affecting the region and for wider participation in policy formulation and implementation. NGOs have had to defend themselves against attacks from the military who claim that they wanted to "internationalize the Amazon" by making alliances with foreign groups. NGOs respond that Amazonia has historically been internationalized, and that it had been precisely under military rule that the regime was opened to foreign capital.721 NGOs have no homogeneous position. As in any other country, they are divided, basically among "realists" or "pragmatists", who see the concept of 'sustainable development' as a real step forward and believe that economic development and environmental protection can be made compatible, and "radicals", who call


720 See Henri Acselrad (1992:30). Acselrad presents the view* of the NGO IBASE.

for a complete redefinition of the economic model and reject the assumption that economic growth is essential to ensure environmental protection. A division can also be made among globalists, who welcome market reforms and increased international cooperation, and nationalists who favor state regulation and stress national sovereignty.\textsuperscript{722} However, they have been able to work together up to a certain extent and to unite efforts at some moments, having clear impacts on government's policy.

The environmental movement has been backed by some political parties which have been advocating environmental policy reform. A Green Party was created, and received 8\% of the votes in the 1986 state gubernatorial elections in the state of Rio de Janeiro \textsuperscript{723}. In 1990, the state of Rio de Janeiro also elected its first Green Party representative to Congress, and in the 1992 municipal elections a few representatives were elected in some cities. However, despite a promising start, the Green Party has not evolved into a strong and consistent political party. It remains mostly a Rio party, with modest representation in the states of Sao Paulo, Santa Catarina and Bahia. In the 1994 election, only one representative, Fernando Gabeira, again from the state of Rio, was elected to Congress.\textsuperscript{724} In the mid-1990s, the Green Party is weak and badly organized. Still, green ideas are also being discussed in other parties. The Worker's Party (PT) has connections with environmentalism under the influence of the ecosocialist culture; the governor of the federal district, Cristovao Buarque, is an example of a pro-environment PT member. The social-democrat party (PSDB) of President Cardoso also has pro-environment members, such as Fábio Feldmann (secretary of the Environment of Sao Paulo State). Jaime Lerner, former mayor of Cutiriba and present governor of Paraná, is also an eminent pro-environment politician. At the time of the 1988 Constitution, an active "green block" was responsible for the real advance in environmental legislation. Today, they are chances that several parties of the left, including dissidents of the PSDB, of the PDT, plus the PPS and the PV (Green Party) will form a coalition in order to constitute a real opposition to Cardoso in the 1998 presidential election. This would

\textsuperscript{722} Eduardo Viola (1997:100).

\textsuperscript{723} For a view on the ideas defended by the Green Party, see Fernando Gabeira (1987).

institutionalize green ideas within the political left and ensure a greater incorporation of environmental concerns into political programs and planning.

In addition, public opinion in Brazil is becoming growingly receptive to the issue of environmental protection, reflecting the existence of a popular consensus on the intrinsic value of nature. A 1993 survey reveals that 71% of the population have a declared interest for environmental issues (51% are "very interested" and 20% are "more or less interested"). Deforestation is singled out as the major environmental concern: 58% of the surveyed population point out deforestation as the most important problem at the global level and 33% at the domestic level. In identifying the agents which produce environmental damage, 41% name deforestation (the most cited problem). Finally, 47% agree that what occurs in the Amazon, for having impacts on the whole world, cannot be decided by Brazilians alone. A more recent survey reveals that for 60% of Brazilians nature is sacred, and about two thirds do not accept that pollution is the price to pay to guarantee jobs. Only 27% accept that economic development should have priority over the environment. Finally, the role of the media in building-up public awareness is also to be noted. During UNCED, in Rio, the Brazilian media played a structuring role in changing public attitude, exposing the population to a vast amount of information, in what was according to Viola "one of the most pronounced instances of an entire country being flooded with a vast amount of environmental news". As a result, public awareness rose substantially. The changes in environmental policy thus reflected an evolution in public opinion in Brazil and the growing role of the environmental movement as a political actor.

II.3.2. Accumulation, Globalization and Changing State-Society Relations

The combination of the growing awareness at the internal level, rendered possible by the democratization context, and the international pressure both at governmental, inter-

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governmental and non-governmental levels, thus contribute to explain the trend to
environmental policy reform in Brazil and the change in the determinants of Amazonian
policies since the end of the 1980s. Yet to fully understand the new directions of Amazonian
policies in the 1990s, I argue that it is necessary to situate them in the context of the
transformative process of state-society relations, a process itself linked to the need to redefine
an economic accumulation model for Brazil and to articulate a favorable insertion of the
country in the international political economy. As global change poses new constraints on
Brazil’s economic development, responses emerge at the national level in an attempt to
dynamically insert Brazil in the globalization process. The economic liberalization process and
the reform of the state carried out in the context of the restructuring of the accumulation
model have important implications for the political economy of environment and development
in Amazonia. The environmental policy reform of the 1990s has eventually incorporated the
goal of sustainable development in Brazil, and permeated the activities of all social actors,
from government to business and industry and diverse social movements. Yet it seems that
Brazil is moving towards the liberal model of "environmental management" described in Part
I rather than towards a model which would ensure long-term sustainability and social equity.

Globalization constitutes a key factor in explaining policy shift in Amazonian policy. Its role
is acknowledged by the government which stresses that "globalization is an irreversible
economic, political and cultural fact, and environmental protection is a decisive variable in
this process". Global change has decisively contributed to modify the political economy of
development in 1990’s Brazil, leading to a redefinition of patterns of state intervention, of
state-society relations and of the country’s insertion in the international economy. In
Amazonia, this transformative process has led to a shift away from the traditional 'state-led
development-sovereignty' oriented approach to Amazonia towards a 'management' approach
to environmental protection. This market-friendly approach has been translated into a policy
which, while still poorly implemented, recognizes environmental protection as a central issue
(as expressed in the text of the Integrated Policy document). Today, Brazil is living a period
of transition, and this at different levels: transition from economic populism to economic
'pragmatism'; transition from developmentalism toward sustainable development; transition

728 See Diário Oficial, 'Exposição de Motivos: Comissão de Políticas de Desenvolvimento Sustentável e da Agenda XXI Nacional',
De Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil
European University Institute
DOI: 10.2870/73863
from a developmentalist to a coordinating type of state; transition from nationally-led Amazonian policies to more internationalized ones. All these processes are still incomplete. However, the historical analysis of the political economy of Amazonian development and of its determinants allows one to detect some general trends in this transition as far as Amazonia is concerned. Three issues are of interest here. One is the new impact that the economic liberalization process will have in Amazonia as Brazil became increasingly globalized. Is liberalization, coupled with the "environmental management" approach favoring market-friendly solutions, a way to bring sustainability in Amazonia? The second issue has to do with the reform of the state and of the state institutions. Will the state reform improve policy-making and implementation? The third issue concerns the structural factors that I have identified as lying at the root of Amazonian social and environmental conflicts, namely, the lack of democracy in the access and control of natural resources. Is the policy reform altering this situation? Are local actors participating in the "global management" scheme? Is the transformative process of the 1990s promoting democratization in Amazonia? Who is controlling the transformative process, and who is benefiting from it? And are local alternatives to the "management" approach viable from an economic point of view?

III. Globalizing Amazonia: the Obstacles to Sustainability

III.1. The Impact of Trade Liberalization and Economic Integration

While it is still soon to fully evaluate the real impacts of the Cardoso administration's "integrated policy" and of the economic liberalization process, it is becoming clear that the optimism generated by the policy shift must be tempered. First of all, a look at the figure indicates that the shift itself was limited. The fires in the Amazon have not stopped, on the contrary, the deforestation rate is speeding up again, showing that the decline in the early 1990s was more the result of the slowing of economic activities in the country than of coherent government policy. With the stabilization of the economy since the Plano Real, the demand for timber, meat and cereals has increased, placing new pressure on land. According to the National Institute for Space Research (INPE), which monitors Amazonia using data
from the Landsat satellite, the annual deforestation rate grew from 11,130 km\(^2\) to 14,896 km\(^2\) from 1991 to 1994 and had reached 14,900 km\(^2\) in 1995.\(^{729}\)

A more careful examination of Cardoso's administration policies regarding Amazonia shows that the Integrated Policy, combined to the "Brazil in Action" Program, promotes large projects, the development of transport, new hydroelectric plants, in clear continuity with the large-scale projects developed by the authoritarian regime. The Integrated Policy focuses on economic growth and on the integration of the region as ways to improve environmental and social conditions. In this sense, it does not represent a real departure from previous policies. Throughout the military regime, the goal was also to promote growth and to "integrate" the region. The 1996 *Brasil em Ação* plan does not recognize the goal of environmental sustainability. Instead, it stresses "sustainable growth", and, according to the Grupo de Trabalho Amazônico (GTA), seems to be nothing more than a way of meeting the requests of local politicians a short time before municipal elections. Moreover, there was little consultation with public opinion and local populations on the content and priorities of the project.\(^{730}\)

In addition to concentrating on economic growth, the liberalizing reforms introduced by Cardoso have corresponded to a shift to predominantly market-oriented approaches to environmental problems. The view is that export markets will demand better environmental performances from exporters and thus contribute to higher environmental standards in the exporting country. Defendants of this perspective argue that state-owned industries are more polluting and produce more waste than industries facing real competition in the market. An influential World Bank study argued that, while in open economies pollution rates fell during the 1970s and 1980s, economies that grew rapidly but were closed saw a rise in pollution rates.\(^{731}\) Opening up to internationally competitive firms would thus contribute to improve environmental protection. Yet the case of Renault in Brazil weakens this argument. Actually,

\(^{729}\) INPE (1996). According to the Grupo de Trabalho Amazônico (GTA), the methodology used by INPE is controversial, and the figure might not be exact. GTA (1996:98). There is however little doubt that deforestation has been increasing since economic stabilization.

\(^{730}\) Grupo de Trabalho Amazônico/ Amigos da Terra Internacional (1996:46-7).

Renault is an example of a multinational company which, while benefiting from an international image of competence and quality, opens up a plant in Brazil with very few environmental concerns. Environmentalists in the State of Paraná have launched a campaign against the installation of the plant. They complain that the company has been exempted from the minimum obligations to recycle waste, that it will increase the urban occupation of water sources for the use of the fabric, without control, and that it will not even promote employment as much as had been announced. While state-owned companies were often big polluters, there is no guarantee that privatization, deregulation and the installation of multinational companies will bring to the country higher environmental standards. Environmentalists are also concerned about the potentially negative environmental impact of Mercosul. First, Mercosul implies heavy investments in the energy and transport sectors, leading to the construction of large dams, nuclear power plants and highways, causing direct environmental damage and interfering with activities of small farmers, fishermen and indigenous people. An important concern is the potential impact of the Hidrovia project, the waterway which will link the four Mercosul countries and provide a cheap way of transporting commodities, mining products and timber from the interior to ports for exports. The path designed for the project goes through Brazil’s Pantanal, the world’s largest wetland and a unique ecosystem, home to thousands of species. In addition, Mercosul and the expansion of trade and production it will provoke could be translated into increased pressure on the genetic resources of the region.

Rather than promoting higher standards, export markets can strengthen resource-exploiting industries with unsustainable practices. Silva has shown how in Chile the forestry industry worked to undermine efforts to introduce greater conservation measures into Chile’s forest management law. In Brazil, the focus on export promotion has been accelerating the production of soya to the detriment of more traditional cultures. One of the projects of the "Brazil in Action" Program, the Rio Madeira Hydroway, which makes viable shipping on Rio Madeira and allows grain from Rondônia and Mato Grosso to reach the port of Itacoatiara in

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734 See the analysis of forest policy in Chile by Eduardo Silva (1997).
Amazonas and, from there, the Atlantic, has just been concluded last April. According to the Minister of Planning, Antonio Kandir, the hydroway allows for a reduction in transport costs to ship a ton of soya to Rotterdam in the Netherlands from R$ 105 to R$ 70.\(^{735}\) The National Policy also has the goal, through the development of the hydro-ways, to ease the access to the Caribbean and the Pacific in order to allow Amazonian products, which have so far suffered from a lack of competitiveness, to reach world markets. There is a risk that the easy access to world markets will increase the pressure on the natural resource base and accelerate the rhythm of deforestation in Amazonia. According to the Grupo de Trabalho Amazônico (GTA), the paving of highways in Acre modifies completely the conditions of access and exploitation of natural resources in the region, easing the dislocation of populations, speeding trade in lands and putting indigenous groups so far isolated in contact with non-indigenous migrants, causing sources of tension. Eventually, highways will benefit timber extraction in Acre after the exhaustion of mahogany resources in Pará. The road also serves the interests of Peru, which would have its position strengthened in order to apply for membership in ASEAN.\(^{736}\) The other main transportation project planned in the 1996 "Brazil in Action" Program and affecting Amazonia, the hydroway Tocantins-Araguaia, aims to ease the transport of grains from the Center-West to the port of Itaqui, in Maranhao. The President sees it as a "fundamental" project to move stocks of agricultural production and allow for prices to be kept low thanks to the cheapness of river shipping. The high cost of the project (estimated at US$ 10 billion) would be covered by international banks, mainly the World Bank. The GTA is very concerned about the environmental impacts of the Hydroway, stressing that it would transform this cerrado region, of rich biological value and fragile soils, into a soya producing pole.\(^{737}\) Finally, export markets can marginalize small-scale traditional production. Trade liberalization can affect Amazonia by penalizing some extractivist products such as natural rubber and babassu oil, which have seen their participation in domestic markets being reduced as a result of growing competition by cheaper products originating from Malaysia. In this case, competition could lead small producers to abandon sustainable production and turn to less sustainable activities. According to the GTA,

\(^{735}\) Quoted in Folha de Sao Paulo 17th June 1997.

\(^{736}\) Grupo de Trabalho Amazônico (1996:47-8).

\(^{737}\) GTA (1996:50-1).
the solution would be to strengthen the measures of protection to sustainable agroforestry through the revision of the reduction of import levies, backed by the WTO "Trade and Environment Committee". The Rubber Tappers Council has been trying to revert the effects of the international competition by preparing certification schemes for regional products such as babassu oil and vegetal leather.

III.1.2. The Expansion of Timber Exploitation

Another serious obstacle on the road to long term environmental sustainability in Amazonia is the recent boom in timber exploitation and the arrival of Asian logging companies in Amazonia. Historically, forest products have not played an important role in Brazil’s economy. While they represent 12% of Indonesia’s total exports and 10.3% of Malaysia’s, in Brazil they represent only 3.7% of total exports. However, exports of forest products have been expanding regularly, growing from US$ 944 million in 1981 to US$ 1,889 million in 1992. This is mainly due to the increase in tropical timber trade. The timber market in Brazil is largely made up of small concessions. However, it is dominated by large firms, which have strong political influence. These firms play an important role locally and regionally, by financing political campaigns, opening new roads and contributing to infrastructural development. The sector is thus dominated by a small group of large sawmills, mostly owned by multinational companies active in international timber trade, producing relatively few jobs and netting very high revenues by sending its product out of Amazonia, to consumers in Southeast Brazil, as well as abroad, to British and North American markets. In the case of mahogany for example, close to 80% of production is exported, and it is estimated that only 10% of earnings remain in the country. The productivity in the sector is very low: Amazonian timbering extracts one tree per hectare, with enormous damage. As loggers move in with roads and skidders they take out a small proportion of trees, about 3%, and kill or damage more than 52% of those that remain. The remaining forest thus become more vulnerable to fires. It is estimated that timber extraction accounts for 4% of Brazil’s

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GNP and 4-5% of the country's exports. The three biggest contributors are the pulp and paper sector, the charcoal steel sector and the processed wood sector. The timber industry in Amazonia employs approximately 230,000 people, of which around 130,000 work in the industrial sector and 100,000 in forest activities.\(^{741}\)

### Table 8.7. Forest Environment and Economic Indicators

<table>
<thead>
<tr>
<th></th>
<th>1985</th>
<th>1990</th>
<th>Latest 1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Area (km²)</td>
<td>5056</td>
<td>4930</td>
<td>4865</td>
</tr>
<tr>
<td>Protected Forest Area</td>
<td></td>
<td>396</td>
<td>396</td>
</tr>
<tr>
<td>Roundwood Production (in mill m³)*</td>
<td>236</td>
<td>259</td>
<td>301 (1993)</td>
</tr>
<tr>
<td>Deforestation rate (km²/annum)</td>
<td>11,130</td>
<td></td>
<td>14,896 (1994)</td>
</tr>
<tr>
<td>National Income from Forestry Sector (% GNP)</td>
<td>5</td>
<td>5</td>
<td>4.5</td>
</tr>
<tr>
<td>Income from Exports (% total exports)</td>
<td>0.83</td>
<td>2.55</td>
<td>3.87 (1993)</td>
</tr>
</tbody>
</table>

Notes: *: solid volume of roundwood without bark, includes wood for charcoal and firewood uses. Source: Ministry of Environment, Water Resources and Legal Amazonia (1997)

### Table 8.8. Exports and Earnings of the Processed Wood Sector 1994

<table>
<thead>
<tr>
<th>Product</th>
<th>Export volume ('000 m³)</th>
<th>Value US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sawn Timber</td>
<td>1180</td>
<td>326</td>
</tr>
<tr>
<td>Veneer</td>
<td>120</td>
<td>64</td>
</tr>
<tr>
<td>Plywood</td>
<td>900</td>
<td>293</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>6683</td>
</tr>
</tbody>
</table>

Source: Estimates based on Secretary of External Trade (SECEX) data, quoted in Mauro S. Reis 'Country Profile: Brazil'. *Tropical Forest Update* vol. 5 n°3, September 1995:24.

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In the mid-1980s, Brazil had nearly one third of the world's hardwood but accounted for only a tenth of hardwoods exports. The industrial wood sector still plays a relatively small role as compared to other tropical countries. But the role of timber in the Brazilian economy is expanding, encouraged by a strong international demand for tropical hardwoods. And it is of far larger importance for the regional economy. In the Amazon, four of the region's six states and territories depend on wood products for more than 25% of their industrial output, and in Rondonia and Roraima, wood products account for more than 60% of industrial output. Today, timber extraction is experiencing a real boom. In the state of Amazonas the government is offering new subsidies to attract timber companies which are now leaving the state of Pará after the complete exhaustion of timber resources in this region. While historically the tropical timber industry received few foreign investments, the situation is changing today with the reduction of wood availability in some Asian countries. Federal authorities now have to face Asian logging companies which are moving into the Amazon in search of new timber sources after the exhaustion of raw material in countries like Malaysia, in another clear example of the effect of economic globalization and trade liberalization on the environment. It is now estimated that 22 foreign logging firms are operating in Amazonia, and three more are expected by 1998. According to the government's Environmental Institute (IBAMA), 1.9 million hectares of Amazon land are now owned by foreign firms. Three Asian multinationals - Malaysia's WTK Group and Samling Corporation, and Fortune Timber, owned by the Chinese government and Hong Kong investors, own 4.5 million hectares. These firms have bought bankrupt local companies and are now using advanced technology to transform the Amazon into a major timber extraction center. A harsh debate has been going on in Brazil about the Asian logging firms, as they have been accused of smuggling, illegal extraction, falsification of import guides and irregularities in the purchasing of land. The firms have declared to IBAMA that they owned 508 000 hectares in Legal Amazonia, of which 196 000 would be exploited. Environmentalists calculated that with this surface they should be able to produce 6 million square meters of wood per year. Yet according to a report by an External Commission which has been created in Congress to investigate the activities


744 See the edition of Veja on the issue 'Ataque à Floresta', 8 November 1995.
of the Asian companies and denunciations of irregularities, the companies are processing 30 million square meters a year, five times more, indicating that the companies might be lying in their reports to IBAMA. The issue is about to become a diplomatic incident, as the Commission has even heard submissions from the Ambassador of Malaysia in an effort to elucidate the situation. Meanwhile, local and regional politicians congratulate themselves with the arrival of the Asian loggers, considered as a source of jobs, investments and resources for the region. According to the Mayor of Itacoatiara, "it is a great chance, the foreign firms will bring progress to us".

Illegal logging is by no means the monopoly of foreign companies. Actually, attempts to regulate the timber market have long been rendered difficult by the continuous practice of illegal logging. The Ministry of Justice has received several complaints about illegal logging on indigenous lands, but has been unable to reverse the tendency. The NGO Friends of the Earth estimates that, in some areas, 95% of inspected management plans did not comply with existing legislation and "concessions seem to serve merely as an instrument to legalize timber originating from illegal sources". In the past couple of years, IBAMA has been trying to fight illegal logging. It is evaluating forest management plans to control that the 80% figure of forest which have to be preserved by law on rural properties and the 2 years ban on the concession of exploitation of mahogany and virola is being respected. IBAMA has also issued a decree (portaria n° 065 of August 1995) forcing loggers to present an account of how much has been extracted and sold, in an effort to control illegal extraction. IBAMA's Project of Environmental Control of Legal Amazonia is estimated to cost R$ 6 million to the Ministry of Justice. Yet several problems persist. The ban on mahogany, which can seem to be an effective measure, has distortive effects. With the ban, the market price of mahogany has

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745 Source: O Estado de Sao Paulo 22th June 1997.
746 Mayor Miron Fogaça, of the PTB, quoted in 'Começa o Ataque dos Asiáticos'. In Veja 18th June 1997: 60.
748 Interim Decree 1,511 has raised from 50 to 80% the forested area of rural properties in Amazonia. The 2 years ban on mahogany and virola was installed by Decree 1,963.
peaked, further encouraging illegal logging. The recent decision of the Brazilian government to block for the second time the inclusion of mahogany in CITES’ list of endangered species, on the ground that the exploitation of this wood is today under control, will continue to benefit illegal loggers. According to certain estimations, Brazil earned US$ 174 million in 1996 exporting mahogany, which is sold at US$ 800 per cubic meter, three times more than other tropical species. Eight out of ten trees were taken illegally.

In view of the recrudescence of logging and of its increasing role in the regional economy, new programs are being developed such as timber certification, with the aim of 'sustainably managing' the forest. An example is the Mil logging company (Mil Madeireira Itacoatiana S/A), property of the Swiss group Precious Woods, which has become the first firm of the region to obtain the Smart Wood certificate, a sort of ISO 900 attributed by environmentalists to firms extracting wood in a sustainable way, using a selection procedure that only extracts half of the trees in a lot and that leaves time for the forest to regenerate. The company, which employs 250 workers, is meeting much success, and in June, after years of restriction on Amazonian timber import, the government of Germany has ordered 5000 cubic meters to Mil. The aim of the company is to produce semi-finished products for shipment to export markets in Europe, Asia, North America and to the southern markets of Brazil itself. Mil's attempt to put sustainable forest management in practice is however still at an experimental stage. For certification to develop as a viable tool to control forest destruction, the issue of who controls the certification process, which is very political, would have to be solved in a way which is perceived as fair by the actors involved in the process. In order to ensure that a timber certification plan can be trusted and will meet its goals, the certification mechanisms should be independent from the interests of producers and assessed in a reliable way, but still not be dictated exclusively by consumers' preferences. Agreeing on certification norms is

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750 The decision was taken during CITES' meeting in Harare in June 1997. 72 votes were necessary for the inclusion of mahogany (3/5 of the countries part of CITES) in the list. In the end, 67 countries voted in favor and 45 against (including the 'dirty coalition' encompassing Malaysia, homeland of many logging companies. Japan, which wanted to end the ban on whaling. Cuba, which wanted to trade turtles, and several African countries interested in legalizing ivory trade).


752 Source: Veja June 18th 1997; ITTO (1996) 'Box 5: Sustainable Forest Management in Practice'. In Tropical Forest Update vol. 6 n°4, 1996/4 :5. Of the 80,900 ha purchased by the company, it was decided to set aside a "gene pool" reserve of 5,000 ha and 18,200 ha of buffer zones in which logging would not be carried on. Forest management is undertaken according to the Celos Management System, characterized by a high degree of planning during the logging process and the use of low impact techniques such as directional felling and the use of winches to haul the logs to skid trails located 100 meters apart in the forest.
bound to be a difficult process. Today, as stressed by ITTO, "in the Amazon, most foresters will say that there is virtually no area of forest under management for timber production, let alone under the loftier 'sustainable' management now touted as the ideal". 753

Economic liberalization is thus affecting the political economy of development and environment in Amazonia in a significant way, with potential adverse environmental impacts. Despite the controversies, it seems safe to agree with Muñoz when he concludes: "in the last analysis, the impact of economic liberalization on the environment in any country will be closely linked to the appropriate valuation of natural resources and to the effective implementation of suitable environmental regulation policies by governments making special use of both proper economic instruments and of official rules and regulations". In this sense, he argues, "efforts will have to be made toward (..) combatting the root causes of environmental problems rather than applying restrictions or distortions to trade as a way to protect the environment". 754 A central question is thus whether the state reform is improving the regulatory powers of the state and addressing the root causes of deforestation such as the crucial issues of land ownership and unsustainable agricultural practices.

III.2. The Impact of the State Reform

The economic liberalization and the state reform undertaken by the Cardoso administration are also redefining the state's ability to pursue environmental policy reform. After the absence of ecological concerns during the military regime, democratization had brought increasing environmental awareness. Environmental protection deserved special attention in the new 1988 Constitution. The Constitution, product of the populist coalition which controlled the transition process, is generally recognized as exceeding in regulatory zeal, extending the state's control in all directions and into the smallest of details. It is representative of the particularly legalistic tradition of Brazilian politics, described by Guimaraes as a "compulsion to have every minuscule aspect of life, public or private, foreseen, regulated, enshrined in the law". In fact, he notes, "laws, decrees, rules and administrative orders dominate and regulate the life


De Campos Mello, Valeria (1998), Economy, ecology and the state: globalization and sustainable development in Brazil European University Institute DOI: 10.2870/73863
of the country to such an extent that they even blur the frontiers between public and private affairs, and lead also to a quasi worship of everything that is public". The legalistic tradition also tends to dominate environmental legislation. For Maimon, the Constitution has implemented a type of legislation which relies exclusively on command and control, excluding economic instruments. She stresses that this approach is more appropriate to deal with damage resulting from industrial activity than to promote conservation, as it strengthens the corrective rather than the preventive aspects. In addition, this tendency makes environmental policy extremely dependent on financial resources which become scarce in times of recession or budget cuts. With the advent of Fernando Collor de Mello and still today with the Cardoso administration, two issues dominate the policy debate: economic liberalization and the reform of the state. The reform of the state, understood as a necessary condition to undertake economic liberalization, meant an effort to limit state competence in several areas in order to accomplish a transition from an interventionist to a coordinating type of state. Environmental policy started to be redefined, with the view of revising and eliminating state regulations that might be causing environmental damage and of relying more on economic instruments. The changes in land policy and the introduction of an instrument such as the Green Protocol submitting bank lending to EIAs are examples of this tendency. Eventually, environmental policy in the Cardoso administration seems to be more dominated by a market-friendly approach, stressing the benefits of liberalization, privatization and market mechanisms. The market-friendly orientation poses new challenges and constraints on the state’s ability to promote sustainability in Amazonia.

At the institutional level, the very design of the Ministry of the Environment, which is also the Ministry of Water Resources, renders difficult the establishment of clear priorities. The fact that large ministries with extended competences have tended to prevail over the past years (under Sarney’s administration the Ministry of the Environment was coupled to Urban Planning) seems to indicate that environmental protection continues to come second on the political agenda. It is estimated that today, 80% of the resources of the Ministry are destined

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755 Guimaraes also recalls ironically that it has been suggested that "the most effective solution to all of the country’s problems would be one single law making all previous ones mandatory". Roberto Guimaraes (1991:78).

to water resources. Second, the resources available for environmental protection at a time of "fiscal crisis of the state" are very limited. The policy shift was not effectively translated into a budget reallocation in favor of environmental protection. The fiscal crisis cut by half the budget of the Secretariat of the Environment in 1991. In 1996, the resources for investment in the Ministry of the Environment were cut by 70%, and in 1997 the budget is even smaller. This leaves Brazil in the situation of relying almost exclusively on external sources for funding its environmental projects. In these conditions, funding agencies, and in particular international institutions, are actually in the position to determine the shape of projects and to define priorities.

A second set of problems has to do with the deficiencies in monitoring and enforcement by government agencies, which are often under-staffed and badly equipped to control such a large territory. The problems of IBAMA are publicly recognized, even by IBAMA staff members. A regional director of IBAMA acknowledges that IBAMA suffers from lack of funding and of staff, and notes that since its creation in 1988 IBAMA has not promoted a single recruitment round to hire staff members. The governance of IBAMA is complicated because of the conflict among the competing bodies that were merged to form it in 1988. Moreover, corporatist interest in the IBAMA civil service tend to block the organizational reforms necessary to increase efficiency in the Ministry. Recently, renewed efforts have been made to relaunch IBAMA's reform process, with the start of negotiations among local and state actors, NGOs, entrepreneurs, the public ministry and Congress. Though there is a clear effort to initiate dialogue with social actors and a will to solve contradictions between the competences of municipalities, states and regions, the reform process is still

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759 This tendency has been observed by many specialists, among whom, for example, Jacques Marcovich and Paulo Nogueira Neto, respectively Pro-Rector and Professor of the University of São Paulo. Nogueira-Neto sees this situation as likely to deteriorate towards an ever growing dependency upon foreign funding, creating an embarrassing situation for Brazil, "which is no Africa", "is a middle-class country which should have resources for that". Quoted in 'Brasil anda davopor depois do Rio 92' in Gazeta Mercantil, 12th March 1997.


largely at the stage of intentions. The President of IBAMA himself, Eduardo Martins, recently recognized that "we still don't have a proper environmental policy, we only have a sketch. Today, there are good intentions and little effective actions". He also notes that Brazil does not really have a forest policy. For Martins, the country could, with some efforts, succeed in controlling timber production, using both economic instruments in terms of pricing and conservation measures, and even become a "forest power". Yet the lack of resources, of legislation (Brazil still does not have a law punishing environmental crimes), and the poor implementation and monitoring do not allow for a real improvement in forest management.

Another institutional weakness is the lack of an adequate body coordinating environmental policy. The Interministerial Commission on Sustainable Development (CIDES), part of Brazil's commitment assumed during UNCED, was only created last March, at the eve of the Rio + 5 meeting. Until then, there had been no real forum for a discussion on integrating environmental concerns into other policies, perpetuating the tendency to a sectorialization of policies. Moreover, CIDES has been criticized by its excess of formalism, authoritarianism, and the little emphasis on the qualifications of its members, who are expected to work without remuneration. CIDES also suffers from a technicity bias and from a de-politicization of sustainable development issues, failing to engage civil society in a clear and permanent way. Finally, CIDES the lacks financial resources to implement its mandate. Altogether, the process of implementation of Agenda 21 has been gradual, based on occasional measures, and in general there has not been a real incorporation of sustainability goals in public policies or in public administration practices.

The trend towards deregulation and privatization is another worrying aspect of the Cardoso administration policy, as it could undermine the control of pollution and environmental degradation. Privatization could favor short-term analysis and immediate gains over long-term

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762 GTA (1996:37).

763 Interview of IBAMA's president Eduardo Martins with Veja, July 2d 1997. A project of law on environmental crime is now being considered by Congress. If approved, the law would encompass crimes against the flora, fauna, soil, air and water pollution, as well as noise pollution and degradation of the urban environment. The project includes fines and penalties.

environmental concerns. In the electric sector, it could lead to the construction of thermoelectric centrals instead of hydroelectric, which require larger investments and longer construction periods, but which are less environmentally damaging.\textsuperscript{765} Yet privatization is being considered as an important instrument in the new Amazonian policy, confirming the market-oriented strategy. Recently, the decision to move towards a privatization of forests was taken. 30 National Forests which belong to the Union, composed of native forests, will be exploited by private initiative. In July 1997, IBAMA awarded its first permit for sustainable exploitation of the National Forest of Tapajós, in the South of the state of Pará. This pilot project constitutes a test in view of the possible privatization of other forests.\textsuperscript{766} The privatization of forests could result in higher damage if not properly accompanied by intense monitoring and control by IBAMA. Given the agency poor records so far, a sound implementation seems highly unlikely. The private sector has not so far demonstrated enough interest in moving towards more sustainable forest practices, as these require both high investment costs and capital immobilization periods which are not attractive for investors. This explains why, instead, logging companies opt for short-term initiatives aimed at making fast, easy profits through indiscriminate exploitation.\textsuperscript{767}

NGOs have been particularly concerned with the risk associated with privatizing forests. According to them, apart from the lack of real monitoring, the project, based on a five year permit for exploration, gives a delay which is too long to deplete the area and too short to allow for the regeneration of the forest. It is considered that the rotation cycle to allow for regeneration should be 25-30 years. NGOs see the move towards forest privatization as yet another way to ease the access of logging companies into the region.\textsuperscript{768} In addition to direct forest privatization, CVRD’s privatization, concluded in 1997, is also likely to have impacts on deforestation levels in Amazonia. The situation in the Carajás area is worrying. The iron ore production companies in the state of Pará, in the Carajás region, are causing irreversible

\textsuperscript{765} Source: 'Brasil anda devagar depois da Rio 92'. Gazeta Mercantil 12th March 1997.

\textsuperscript{766} Source: O Globo, 15th of June 1997.

\textsuperscript{767} The reasons for the lack of private sector interest in attempting sound forest management are examined in Ecio Rodrigues (1996) 'Multiple-use Management in Amazonian Extractive Reserves'. In Tropical Forest Update vol. 6 no 4, 1996/4 :9-11.

\textsuperscript{768} Source: Rede Verde de Informações Ambientais, electronic bulletin n° 18/97, 21st July 1997.
environmental damage. This process could be controlled through the Green Protocol mechanism, if new credits were submitted to environmental impact assessment. But according to professor Nogueira-Neto, a respected academic and former Secretary of the Environment, this would not be enough: "what is needed with urgency is to finance the reconversion of the iron ore producing industries, so that they change activities or production system. We have to choose between the maintenance of the iron ore industry and the survival of the Amazon forest, which the Constitution declares National Heritage." However, considering the lucrativesness of the sector and the privatization of CVRD, there is little hope for a reconversion of iron ore industries. To conclude, privatization seems premature as the administrative reforms necessary to the consolidation of the regulatory actions of the state are still lacking. IBAMA and the other agencies in responsible for environmental policy appear as under-staffed and under-funded, unable to implement regulations and legislations and relying excessively on foreign funds. Though in some sectors there is a real excess of regulations, the main problem remains the incapacity to implement existing legislation. In Amazonia, some sectors of public administration need to be expanded and strengthened to ensure implementation of reforms and legislation. In a context of reform of the state, decreases in public expenditures and reductions in staff, there seems to be little room to undertake the reforms necessary to ensure long term sustainability in Amazonia.


Finally, the third aspect to be considered within a critical IPE framework is how the policy reform is affecting the issue of democracy and of the access to common resources in Amazonia. I have argued above that one of the main obstacles to sustainable development is the lack of democracy in the access, use and control of natural resources in Amazonia. As observed by Guimaraes, a main characteristic of ecopolitics in Brazil has been the exploitation of Brazilian common property resources according to a developmentalist ideology guided by


private criteria for the allocation of resources. This "privatization" of resources, especially in Amazonia, benefited a few segments of society (cattle-ranchers, land-owners, traditional elites and speculators) while marginalizing local populations who traditionally depended on natural resources for their living, such as rubber-tappers, extractors, small farmers and indigenous populations. In the mid 1990s, the advent of the Cardoso government has meant the arrival of a modernizing discourse, declaring the intention to democratize and decentralize policy and to promote social justice. Cardoso's policy has indeed resulted in the improvement of life conditions of part of the informal sector and allowed for a consumption boom amongst both the poor sectors of the population and the middle-class. Yet in Amazonia, far from the "globalized" parts of the Brazilian economy and society, democratization and redistribution are difficult to grasp. The new environmental policy carried out by the Cardoso administration does not seem to be reversing the exclusionary tendency which had prevailed so far. Environmental policy reform under Cardoso seems to be privileging international solutions and programs that do not fully address the basic needs of local populations, while allowing for the perpetuation of the role of the military and of traditional elites in the definition of priorities and strategies for the region.

III.3.1. Limits of International Influence

The influence of international factors in explaining policy change in the Brazilian Amazon has been well accounted for and analyzed, as I have shown above. Yet the magnitude of the international influence should not be associated automatically with progress in fighting the ecological crisis. First of all, the impact of the action of international NGOs is sometimes problematic. As pointed out by Kaimowitz, "despite increasing rhetoric to the contrary, for the most part Northern governments and NGOs have tended to view the environment as if it were a separate "sector", rather than a reflection in terms of natural resource use of the general way in which production and the society are organized". In Brazil, NGOs are to a large extent financially dependent on international funds. According to a 1996 study, among the NGOs that operate with a budget superior to US$ 100,000, funds coming from

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international cooperation amount to 50% of total resources.\(^7\) As a result, the agenda that prevails ends up reflecting concerns of environmentalists in developed countries, and not necessarily the priorities of local and national populations.

### III.3.1.1. An Example of International Environmental Management: The World Bank and the Failure of the "PANAFLORO" Project

The market-orientation adopted by the Cardoso administration also makes governmental environmental policy highly dependent on foreign resources. In this context, the World Bank is assuming a growing role in Amazonian policies. Brazil is one of the Bank's largest borrowers. In 1991, it was the Bank's third largest client (considering IBRD loans and IDA credits together) in terms of the number of operations approved (189) and the third client in terms of total lending/credit volume (nearly US$ 19 billion). Approved loans in Brazil constituted 9.3\% of accumulated IBRD lending worldwide through June 1991.\(^7\)

Historically, World Bank's operations in Brazil, encompassing the funding of dams, roads and large infrastructure projects, have had a poor record in terms of their environmental impact. While the Bank has gone through a real "greening" since the end of the 1980s, it is still far from being an institution committed to environmental protection, as illustrated by the example of PANAFLORO. PANAFLORO (Plano Agropecuário e Florestal da Amazônia) is an environmental protection scheme started in 1992 with World Bank funds. The PANAFLORO project intends to correct the previous POLONOROESTE program, whose failure had been recognized in 1988 by the former President of the World Bank Barber Conable.\(^7\)

POLONOROESTE, budgeted at US$ 1 billion, of which about a third was provided by the World Bank, was expected to benefit the 30,000 families already settled in Northwest Brazil as well as 15,000 families waiting to be settled in Rondonia. Yet the major increase in the flux of incoming migrants to the state contributed to an alarming rise in deforestation rates and to the expansion of cattle pasture as the predominant land use, high rates of abandonment.

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\(^7\)Source: John Redwood III (1993:41).

\(^7\)Conable had admitted that the Polonoroeste project was "a sobering example of an environmentally sound project gone wrong". Quoted in Angus Foster, 'A Tale of Trouble From the Far West of Brazil'. Financial Times June 13 1995.
among migrants settled in colonization projects, and the invasion of indigenous areas and other conservation units mainly by logging companies and land speculators. The World Bank blamed the failure on Brazil’s land and tax policies which encourage inappropriate land use and unnecessary deforestation, in particular INCRA’s policy of considering deforestation as a "land improvement". According to Luís Coirolo, a World Bank staff member, natural resource degradation was largely driven by an "inappropriate policy framework". "Fiscal incentive, subsidized credit, landtitling policies and public infrastructural investment all conspired to encourage an unsustainable pattern of occupation in the state".776 Still, despite the focus on inappropriate policies as the main cause for POLONOROESTE’s failure, the latter had opened the way to environmental reforms within the Bank and to a redefinition of the Bank’s activity in Brazil.

PANAFLORO is presented by the World Bank as a "new strategy for managing natural resources in the Amazonian state of Rondonia". Its main goals are to halt the destruction of the remaining rain forest, to protect Rondonia’s rich biodiversity and to prevent encroachment into areas where indigenous people live. According to the Bank, the project was to be based upon agro-ecological zoning to delineate areas where sustainable development is possible from areas that should be preserved because of the presence of poor quality soils, rich biodiversity or because they are the habitat of indigenous peoples. Parallel to that, it also includes intensification of agriculture in already deforested but fertile areas by promoting "environmentally sound production of tree crops". Its goal is to "institute a series of changes in policies, regulations and public and private investment programs, in order to create a coherent base of incentives for the sustainable development of Rondônia".777 In this sense, it aims at promoting a new model of sustainable development in the state of Rondonia through a series of initiatives for the protection and management of natural resources, such as socio-economic and ecological zoning, promotion of agroforestry systems, recovery of degraded lands, environmental protection, creation of extractive reserves, forest management, environmental education and support to indigenous population. PANAFLORO had an initial budget of US$ 228.9 million, including a US$ 167 million loan from the World Bank.


Despite its ambitious objectives, the project's implementation has been hindered by a series of impediments, and deforestation in Rondonia has actually increased over this period, reaching 450,000 ha a year. The Project had already been the target of criticisms at the stage of its formulation and negotiation. In 1988 "Chico" Mendes had written to the President of the World Bank, Barber Conable, to protest against the lack of active participation of the National Council of Rubber Tappers (CNS) and other organizations in the elaboration of the Extractive Reserves sub-component of PANAFLORO. Chico Mendes warned that, without a participation by local populations, "much money will be spent on the creation of an infrastructure inappropriate to forest populations, whose maintenance will be unsustainable, causing the demoralization of our proposal for the creation of extractive reserves".778 In 1995, after eight years of continued alert forwarded to Bank management and in the face of evidence on the adverse effects of the project, a group of 25 NGOs decided to take action submitting a Request of Inspection about PANAFLORO to the World Bank's Inspection Panel, which was established by the Board of the Executive Directors of the World Bank.779 The Request on PANAFLORO points out omissions on behalf of the World Bank and failures in enforcing the contractual agreements and in implementing its own sectorial policy. Indeed, as developed in Chapter 4, for a few years now, the approval of World Bank's lending operations in the forest sector are conditional on governmental commitment to sustainable and conservation-oriented forestry.780 One example is the failure to comply with its Forestry and Wildlife policy, as well as its operational directives on project supervision, in the design and implementation of the component "Support for Indigenous Communities", resulting in adverse impacts on already depleted local indigenous groups. The Bank has also failed to ensure the effective participation of the public, as defined in its directive on NGO involvement. It has failed to implement the conditionality component of the project which made the opening of new farming areas by INCRA conditional on environmental protection and forest conservation. The lack of Bank supervision with regard to investment and fiscal incentive programs has facilitated the continuation of investment policies and programs that contribute

778 Letter from Francisco "Chico" Mendes of the National Council of Rubber Tappers (CNS) sent to Mr Barber Conable, President of the World Bank (October 12 1988).

779 Panafloro's failure has been acknowledged by the Bank's independent inspection panel itself, which attributes it mainly to illegal logging. Source: Brazil Report, RB-97-04.

780 World Bank (1991:20). Refer to Chapter 4 for a more general account of environmental policy reform in the Bank.
to environmental degradation, concentration of wealth and social conflict, with negative consequences for indigenous groups, rubber-tappers and small farmers. Finally, the Bank has failed to respect the social-ecological-economic zoning system opening new roads in conservation units, stimulating migration and deforestation. The lack of effective creation and establishment of the Extractive Reserves defined in the agreement has facilitated the invasion of the areas concerned to the detriment of local rubber tappers. Indigenous people saw their lands invaded by logging companies and speculators. Small farmers were kept out of the most fertile agricultural lands, while landless rural workers were encouraged to invade conservation units, provoking conflicts with traditional populations.\footnote{781}

PANAFLORO is a clear example of the limits of environmental reform at the World Bank and other international institutions, showing the risks involved in relying excessively upon international actors to ensure sustainability in Amazonia. While small farmers, rubber-tappers and indigenous communities were supposed to be the main beneficiaries of PANAFLORO, the project actually resulted in a deterioration of their living conditions, in an intensification of environmental degradation and in the damage of extremely fragile ecosystems. In some cases, the project has even benefitted land speculators and logging companies, contributing to perpetuate excluding social structures in the region. PANAFLORO is a proof that the World Bank is still funding large-scale projects with destructive impacts on the environment. In addition, the "brown-over-green pattern" detected by Nielson and Stern in the Bank's lending policy is particularly strong in Brazil. In the period 1987-1994, brown loans represented 26.5 \% of total MDB loans, while green loans represented only 4 \%.\footnote{782}

Although PANAFLORO was elaborated after the Bank's environmental policy reform, its results are very similar to the ones of its predecessor. The World Bank official discourse today stresses that "indigenous and forest-dwelling populations are important social actors in forest-related programs" and that "alternative approaches should incorporate forest-dwelling people as direct participants and beneficiaries in the design, implementation and operation of...
yet this case shows that local populations where left out of project design and were not heard at the implementation phase. Although one element claimed by local groups, extractive reserves, has been incorporated into the project, the project ends up excluding the very groups which it is intended to benefit, depriving them of the access to their sources of subsistence and of the control over their natural environment, as well as threatening the very future of these natural resources.

III.3.1.2. The Patenting of Human Genes

The "globalization" of Amazonia encompasses other some shocking aspects. Brazil's Patent Law, a result of intense pressure from the US government and lobby from pharmaceutical companies, authorizes the patenting of genes of plants, animals and even indigenous peoples for commercial use. With the support of UNESCO's Human Genome Diversity Project, which hopes to gather gene samples from 700 indigenous groups considered "in danger" worldwide, genetic material from the Suruí and Caritiana indigenous groups from Rondônia has been patented in the United States. The law also allows indigenous peoples' historical knowledge of medicinal plants to be exploited by large pharmaceutical companies without compensation. It constitutes a cruel example of the lack of control of people over their own genes, over what is made of their knowledge and of their relationship with nature. Recently, NGOs have announced that the espinheira santa, a common plant in Brazil known for its anti-inflammatory and analgesic faculties, have become property of a Japanese laboratory, in a case of appropriation of the genetic characteristics of plans traditionally used in the country to cure diseases. The transformation of the tropical flora in a market product under the control of large international pharmaceutical companies illustrates once again the ongoing process of the commodification of nature which ultimately penalizes populations who traditionally depended on nature for subsistence and who had developed the knowledge now being patented. In this case, international pressure, which took the form of


784 Acre's Senator Marina Silva of the Workers Party has recently presented a law outlawing the patenting of genes which would alter the current Patent Law. However, the opposition of pharmaceutical industries and of the US government makes any change very unlikely.

785 Source: Rede Verde de Informações Ambientais (electronic bulletin) n° 21/97, August 11th 1997.
US lobby for the approval of the Patent Law by Brazilian Congress, has meant the victory of corporations’ lobbies and powerful economic interests over local populations deprived of control over their lives.

III.3.1.3. Amazonia on the International Drug Route

Finally, another preoccupying aspect of the "internationalization" of Amazonia is the growing role of the region in drug production and dealing. Globalization, a process based on the expansion of production and trade on a world scale, also encompasses an expansion in drug production trade and consumption. In the region, the production of coca and heroine comes mainly from the high valleys of Amazonian rivers, outside the Brazilian territory. However, Brazil’s role in the drug’s traffic has increased significantly over the past ten years. The development of the transportation system in the region and the opening of easy access to the Pacific could strengthen the region’s role in international drug routes as the logic that is applied to soya bean transportation bears with equal force on cocaine production. The government has been trying to control drug traffic and money laundering. In 1990 the SIVAM (Sistema de Vigilância da Amazônia, Amazonia Surveillance System) was created, complemented in 1993 by the System of Protection of Amazonia. SIVAM, the most ambitious project government project in Amazonia (estimated at US$ 1.4 billion), has the goal to elaborate and implement a logistic basis, supported by new technologies, to detect, acquire and transmit information in Amazonia. In 1996, an agreement was signed between the Federal Police, IBAMA and the Federal Tax Agency (Receita Federal) to allow the exchange of information on repression of traffic and smuggling, tax evasion and environmental protection. In addition, the government has launched a National Anti-Drug Program in 1996 and is planning to create a Council for the Control of Financial Activities to prevent money laundering. However, as drug cartels have often gained the support of local and regional politicians and populations through corruption schemes, an efficient control from Brasília cannot really be established.

76 GTA (1996:56-7).
III.3.2. Limited Democratization: The State, Local Elites and the Military in Environmental Management

While some international actions and channels certainly represent impediments for sustainability prospects in Amazonia, a major responsibility must be given to the continuity of old practices and in discriminatory state policies. First of all, the political practices in the region are still of an undemocratic character. A traditional oligarchy maintains control over the political apparatus. The governors of the states of Amazonas and Acre are under investigation for their participation in fraudulent activities and their involvement in a number of corruption scandals.\(^78^7\) The continued role of the military in Amazonian policies is also a source of concern. As observed by Guimaraes, "if the military has temporarily left the foreground of Brazilian politics, its presence behind the scenes is acquiring strong roots in society and in the economy", mainly through the consolidation of an industrial-military complex based on the development of highly sophisticated technology.\(^78^8\) Several official documents underline the contribution the military is expected to have in environmental-related policies. The Integrated Policy for Amazonia for example recognizes the "unsubstituuble role of the Armed Forces" and stresses its social function as providing support and cooperation to traditional and indigenous populations. The "Calha Norte" project is another example of continuity in the preponderance of the military in Amazonian policies. The Project has the following goals: 1) increasing bilateral relations with other members of the Amazonian Pact, to fight drug traffic etc.; 2) increasing military presence in the area; 3) upgrading physical boundaries along frontiers; 4) setting-up a broader infrastructure: highways, hydro-electric power plants, and integration of development poles.\(^78^9\) This project has produced a major negative impact on the environment, as it encouraged population movements and the establishment of settlements, and implied deforestation in areas marked for infrastructure development projects. The SIVAM project is yet another example of the militarization of Amazonian policies. SIVAM came as a reaction to the growing US Army presence in

\(^78^7\) Respectively governors Amazonino Mendes, of Amazonas, and Orleir Caielli, of Acre. See 'Os Donos da Selva'. Veja, 21 May 1997:31.

\(^78^8\) Roberto Guimaraes (1991:89).

neighboring countries. It has been criticized for having been elaborated without the participation of the scientific community or of civil society. Recently, at the Western Hemispheric Defense Environmental Conference, the United States announced a program to train troops to guard rainforests and endangered species in Central and South America. The new 'green duties' of the US army, considered as a dividend of the post-Cold War era, could include helping to preserve the fragile water table that fills the Panama canal, helping to turn the Colombia-Venezuela border region into an international park, and helping to preserve the Brazilian rain forest. According to Timothy E. Wirth, undersecretary of state for global affairs, "this is a legitimate military issue", "this is not a bunch of trendy greenies". Although this project will most likely be rejected by the Brazilian government on the basis of the defense of national sovereignty, it is indicative of the tendency towards a militarization of environmental protection, in a Realist view emphasizing 'environmental security'.

While ensuring the survival of the oligarchy and the military's interest, the Cardoso administration has not developed a strategy to strengthen local actors and allow them to fully participate in decision-making processes. Cardoso had promised during the campaign to consolidate the decentralization process and to base his government on the "State-Society" partnership. However, participation has been restricted. The proposals made by NGOs in the plenary sessions of the CONAMA (National Environment Council) have not been acknowledged, and the CONAMA itself, which could be a major cornerstone of environmental policy-making, has little political influence and power. Ecological-economic zoning, one of the main demands of the NGOs and of the promises of Cardoso's program, has not progressed much. To sum up, NGOs seem disappointed with the environmental performance of the Cardoso administration. As far as indigenous people are concerned, there is serious concern. The Decree 1775 announced by the government in January 1996 opened up 57 % of all indigenous land in Amazonia to claims from outside interests. This has been causing a renewed invasion of the region by ranchers, logging and mining companies. Moreover, the demarcation of indigenous lands is going slowly. Of the 364 indigenous lands in Amazonia,
only 171 are homologated. Twelve are old reserves which still have to be demarcated and homologated, 57 have been delimited, seven have been identified, 78 are in the process of being identified, and 39 still have to be identified. Finally, the initiative presented by the state as a real solution for the region, the Pilot Program (PPG7) does not construct a real strategy to strengthen the role of small producers and extractors, the actors who are best prepared to fight deforestation as they depend on the forest for their living. The program has been criticized for the lack of participation by both state agencies and NGOs, and for failing to address major policy issues such as the impact for the local population or for the timber industry and the long-term sustainability of the activities.

More generally speaking, the 'management' perspective which tends to prevail consists in trying to find ways of exploiting the forest in a non-damaging way while still resulting in profit for extractors, and sees the development in the Amazon as a scheme for profitability as measured in external market terms. Agroecological zoning, one of the focuses of current policies, was presented as a technological fix that would enable past mistakes to be corrected through bringing environmental criteria to the centre of the planning process. But this method does not always recognize the existence of extractive activities and of an important informal sector, nor does it address the needs of small holders, failing to consider the social realities of the region. Nor does it recognize the fact, for example, that investors in the Amazon are often not searching for "profitability" stricto sensu but rather for access to State tax incentives, in a different form of economically rational behaviour. As pointed out by Nuggent, the management approach does not really represent a departure from earlier practices, it is more a technique than a potentially transformative and beneficial alternative to current practices. It does not address the instability of such markets, and it is not integrated into an agro-strategy which would provide agricultural credit to small producers. In his words, "forest-management strategies represent an undeniable improvement on the forms of gross conversion which have scarred Amazonia to date, but without being integrated in programmes which address the immediate needs of Amazonian producers (...) the technical solutions offered by the forest management approach can only serve to enhance the image of Amazonia.

794 See GTA (1994) and (1996).
as a vast natural resource domain whose destiny is to be decided by outsiders for whom the fundamental value of Amazonia is simply the cheapness of its raw materials." Most of these initiatives taken by the State and by international organizations have thus failed to address the real causes of deforestation and to take into consideration the needs of local people who depend on the forest for their living. They are not reverting the structural conditions which have led to deforestation, promoted capital concentration, favored the formation of latifúndios and aggravated social inequality. This is not to say that the transformative process Brazil is experiencing in the 1990s is not affecting Amazonia. On the contrary, the transformations brought forth by the redefinition of the accumulation model and by the reform of the state are having a major impact on both the determinants of Amazonian policy and on the dynamics of deforestation. The dynamics of deforestation, since economic liberalization, have been globalized with the growing participation of foreign companies in forest depletion. New actors are benefitting from the liberalization process. However, in Amazonia, the four elements identified by Guimaraes as the main characteristics of the Brazilian social formation - hierarchy, paternalism, repression and authoritarianism - seem to have survived the transformations in state-society relations particularly well, as well as the modernization that is taking place in other "globalized" parts of Brazil. In Amazonia more than elsewhere, the weight of tradition perpetuates elitism, the power structure remains concentrated and exclusionary, and decision-making processes respond to the particular interests of the best organized groups of society, who tend to "privatize" common resources for their exclusive benefit.

III.3.3. Resistance and Alternative to Market Approaches: the Experience of Extractive Reserves

Thus, to a large extent, actions undertaken by the government and by international organizations in Amazonia have tended to benefit the most organized sectors of society or the ones with the easiest access to power, in a situation which seems to be in continuity with the politics of the military regime. Still, the context for action in Amazonia today is very different


796 Roberto Guimaraes (1991:75-8).
than it was in the 1960s. The country has now returned to democracy for more than ten years. Moreover, "globalization" is easing the contact between local groups and environmentalists elsewhere in the world. Some transnational alliances, in which local actors have developed alternative solutions which try to address their own needs and received support from foreign groups, are encountering success. Extractive reserves for example are based on an idea of "sustainable development" that differs a lot from the mainstream interpretation. According to Allegretti, "extractive reserves can be the point of departure for a reordering of the regional economy". The idea, introduced above, is that decentralization, exploitation of alternative products and production methods, small-scale projects and local participation in the design and implementation process are key elements to sustainability. The approach also focuses on social equity and the right of local people to cultural specificity. In this sense, it is radically different from market-oriented approaches. According to Anthony Hall, "the struggle of the rubber tappers and their allies to create extractive reserves represents the single most important policy innovation of the 1980s and 1990s in favor of Amazonia's traditional inhabitants". Amazonian soils are, in 90% of cases, of low quality, and because of the delicacy of the ecosystem, not suitable for agriculture exploitation. This is why, according to many authors, the correct land policy in Amazonia consists in extrativist settlements, which should come from disappropriation of seringais or parcels of land acquired with speculative goals. In these reserves the division of rural property is not allowed: there is just a regulation of ownership and the sustainable exploitation of the forest. According to Graziano, apart from the extractive reserves, the government should at all costs prevent the occupation of Amazonian soils.

Extractive reserves, developed originally by the rubber-tappers, are then the only instrument which really addresses the root causes of deforestation and the needs of local population. These attempts at developing alternative systems of production and at challenging the traditional concentration of the land structure have led to extremely violent reactions on behalf


797 See Eduardo Silva (1997:64-5) and Anthony Hall (1996:101). The grassroot orientation present in the extractive reserves approach is advocated as a major pathway to sustainability by many authors such as, inter alia, Wolfgang Sachs (1993), Carolyn Merchant (1992), Michael Redclift and David Goodman (1991), Dharam Ghai and Jessica M. Vivian (1993).

of landowners and traditional elites, culminating in 1988 with the murder of Chico Mendes, president of the Rural Workers’ Union of Xapuri. The violence has not decreased, as shown by the intensified conflicts for land which have resulted in multiple deaths already this year. In this context of violence, the proposal of an "ecological agrarian reform" elaborated by the Rubber Tapper Council was welcomed as an important contribution by social actors directly involved in Amazonia’s social and environmental conflicts. Demanding that 10% of the Amazonian territory be demarcated until the year 2000 for collective use, it proposes to develop extractive reserves and settlement projects while respecting the occupation indices considered as "sustainable" from an ecological point of view (one family per 500 hectares). This project would help solve both social tensions and environmental priorities in the region. Extractive reserves are a good example of how a coalition of domestic and international actors interested in an alternative and grassroot oriented approach is formed and succeeds in translating its view into projects and policies. They have benefited from significative funding and support, both nationally and internationally, through the G7 Pilot Program for Amazonia.

However, many obstacles undermining the viability of extractive reserves remain. First, economic self-sufficiency is rendered difficult by the decline in the market price of latex since the end of government subsidies for domestic rubber and the growing competition from Malaysian rubber. Second, precarious living conditions in the reserves encourage migration and the shift to other activities. Third, efforts to increase the value of non-timber forest products such as Brazil nut and agro-forestry have not been very successful so far. Finally, the lack of a tradition of collective or class-based action, together with the problem of maintaining the political unity of the rubber tappers movement regionally and nationally hamper the possibility for the rubber tappers to manage the reserves through collective associations. The economic viability of the reserves and their feasibility as units which can be managed successfully by local populations is thus yet not demonstrated, nor is the seringueiros’ ability to realistically combine conservation and production in a context of the diversity of situations encountered in sub-regions in Amazonia. Despite these obstacles, if provided with effective governmental support, extractive reserves could become the most viable alternative in Amazonia and contribute to achieve a shift toward forms of forest

800 The obstacles faced by extractive reserves are taken from Anthony Hall (1996:97-101).
exploitation which take into consideration ecological and social factors. Allegretti presents four main advantages of the reserves system: 1) minimization of migration: by offering new opportunities for employment and improving life quality, they discourage migration to urban centers; 2) likelihood of success: because they are grassroots initiatives, their chances of success are greater than programs designed from the top down by governmental agencies; 3) low reproduction costs: rural populations living partly on a subsistence basis have lower reproduction costs than urban ones; and 4) low protection costs: the reserves represent one of the most economically viable forms of environmental protection as the local populations possess intimate knowledge of the forest and have a direct stake in its preservation. A comprehensive approach should combine extraction activities and agriculture, and even semi-traditionally industry, with the introduction of technologies adapted to the processing of products extracted from the forest carried out in or near the reserves, with the aim of adding value and improving income right from the start of the productive process. Yet, as pointed out by Allegretti, for extractive reserves to succeed, they cannot remain isolated: rather, they should be integrated in a policy for the development of Amazonia as a whole, and supported by a transformation in institutional mechanisms creating for example tax incentives for sustainable activities or introducing mechanisms to reorient markets to value products from sustainable origins. Until now, solutions such as extractive reserves have not dominated the policy agenda, and have remained subordinated to the market-oriented dominant trend.

III.3.4. Small-scale Projects and Agro-forestry

In addition to extractive reserves, small-scale projects promoting agro-forestry are advocated by environmentalists as the main way to sustainability. But are these projects economically viable? Do they really represent a viable alternative? Recent years have seen the emergence of some successful cases. The Japanese colonists in Tomé-Açu, Pará, for example, have succeeded in turning their settlement into the first significant source of black pepper in the western hemisphere, accounting for more than five percent of world production. The exploitation is based on extremely small cultivated areas (20 ha.) but provides unusually high

incomes for the region. Other examples include the Kayapo indians, who produce Brazil nut oil on behalf of the Body Shop (which uses it for a hair conditioner). Another example is the Farming Foundation of Tocantins-Araguaia (FATA), in Pará, which produces exotic fruits. FATA has succeeded in finding a market for its products, which is usually a major obstacle for small-scale projects. According to Matheson, FATA "offers a real alternative to the orthodox model of development because: it was conceived with the participant’s involvement; it has family needs as the starting points; the farmers themselves are implementers; a local market is actively being sought and sustainability is a vital consideration in the project. Unlike many orthodox projects, FATA addresses the wider issues which are essential for sustainability such as marketing, sources of credit and environmental education ". Matheson believes that the methods employed in FATA could easily be replicated elsewhere, if adapted to local circumstances. There are thus successful cases of small-scale agroforestry projects in Amazonia, in examples of action that bypass the state. These projects need to be supported and encouraged by the government as representing a solution that takes local interests into consideration and which effectively promotes a democratization in the control of natural resources in Amazonia.

Table 8.9. Summary of Major Findings on Amazonian Strategies in the 1990s:

<table>
<thead>
<tr>
<th>Limits of Policy Shift</th>
<th>Fiscal incentives still being used</th>
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<tr>
<td>Demarcation of Indian lands not completed</td>
<td>Deforestation increasing, recent forest fires in 1996.</td>
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<td>Rural violence</td>
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<td>Market-friendly, management approach</td>
<td>Focus on growth, trade, infrastructure ('Brazil in Action' Program)</td>
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<td>Potential negative effects of trade integration</td>
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<td>Increase in timber trade</td>
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<td>Risks associated to Asean investments: illegall logging..</td>
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804 Catherine Matheson (1996:103-7).
Potential Effects of the State Reform

| Potential Effects of the State Reform | Fostering institutional weakness of IBAMA
| Lack of resources, reliance on international funds (World Bank) and programs such as Panafloro. . Risks associated to the privatization of forests. |
| Undemocratic access and control of natural resources | Continued role of military and traditional elites
| Insufficient participation of local people in decision-making
| Lack of support to alternative solutions such as extractive reserves. |

Conclusion

Deforestation and environmental destruction in Amazonia are not merely the result of bad management or of a lack of technical knowledge or of knowledge about economic opportunities. Rather, the critical IPE approach adopted has argued that deforestation is the product of the combination of a model of economic accumulation which excludes a great proportion of the population to a system of social and political relation which denies local people the access and control of resources in Amazonia. The Cardoso administration has not reverted this situation. On the one hand, it is fostering an economic restructuring that will strengthen the same model of accumulation which is causing environmental destruction and pollution rise in the most developed countries. On the other hand, despite a discourse emphasizing that his policy is based on an "intense dialogue" between all social actors in a "conscious effort toward a state-society partnership", it is not promoting a democratization of the access of natural resources nor of the control of resource management processes. Today, despite environmental policy reform and some promising initiatives such as extractive reserves, the Pilot Program and small-scale agriculture, Amazonia is being exploited in a manner which is often illegal, without sufficient control and monitoring of legislation, and sometimes irrational not only from the environmental but also from the economic point of view. If nothing is done on the short run, the Asian logging companies' assault on the region could anihilate the remaining forest in a few years. The case of Brazil shows how the issue of forest protection is linked both to the power struggles over the control of resources and to
the ownership system inside Brazil, to the impact of different modes of production and accumulation on the environment, and to the new dynamics taking place at the international level. Addressing deforestation thus means taking its economic and political context into consideration: "efficient forestry practices" and "internalization of environmental costs" would have to be coupled to a real solution to land and natural resource use conflicts in the country.

The Rio + 5 meeting in March 1997 was the occasion for a national appraisal of progress accomplished in environmental protection in Brazil since the 1992 Earth Summit. An article published in the Brazilian press at this occasion gives a full picture of the appraisal: "in the majority of cases, we have not gone beyond questions: how to properly insert Amazonia in educational curricula? How to integrate Amazonia in the rest of Brazil? How to integrate it to other Amazonias? How to implement an efficient system of monitoring and protection in the area? How to conclude the ecological-economic zoning? How to ensure the multiple use of resources (soils, waters, biodiversity)? How to order the mining and gold-extraction activities? How to ensure appropriate programs for indigenous populations? How to guarantee indigenous people's rights?". Not many of these questions can today be fully answered. So far, despite reforms such as the end of subsidies, it seems that privileged groups have maintained preferential access to natural resources owned by the state. The Amazonian development strategy of Cardoso's government seems to be a continuation of rather than a break with the conservative modernization strategy built up during the authoritarian years. It tends to perpetuate the benefits given to a small group of entrepreneurs and to segments of the political elite, excluding the majority of the population, and perpetuating social conflicts in the Amazon region. While a greening of the discourse has taken place, possibilities of a real shift toward sustainability are increasingly reduced by the constraints imposed by economic liberalization and the restructuring induced by global change. Conflicts in the Amazon are linked to the redefinition of Brazil's insertion in the world economy and to the accelerated restructuring of the Brazilian society.


806 See Bertha Becker and Claudio Egler (1993), and Maria da Conceição Tavares and José Luis Fiori (1993).
Brazil's policy towards the Amazon thus appears to be more and more determined by international factors, but it seems to be addressing the needs of an international audience instead of those of the 20 million Amazonians. It does not automatically bring the country progressive environmental standards. It results in the adoption of a policy orientation that reflects what can be called the "international consensus", and responds to the main demands of developed countries. In the absence of a well defined policy, sectorial interests, and often foreign sectorial interests, end up prevailing over local and regional priorities. Globalization poses serious limits to sustainable development in Amazonia, for three reasons: first, it has favored market-oriented strategies that do not integrate environmental concerns; second, the "reform of the state" adopted in the context of the transformative process of the 1990s will not allow for an improvement in environmental standards, as it reduces the budget allocated to environmental agencies and programs, hampering the implementation of legislation and further deteriorating the governmental agencies' efficiency; and third, it contributes to perpetuate the lack of democratization in the access to natural resources. It reproduces exclusion and denies "entitlement" to a large part of the population. In Amazonia, globalization has contributed to the exacerbation of conflicts, a new scale of conflicts which go beyond the mere fight for land. There are now conflicts over territories where mineral and timber resources are located, over lands occupied by indians or small extractors (the Yanomami for example), between gold seekers and mining companies, conflicts involving smugglers and drug dealers at the borders, conflicts over the Projeto Calha Norte. The conflicts which feed deforestation in the Amazon are, above all, conflicts about justice and distribution. Deforestation corresponds to processes with a logic and trajectory which has roots in Amazonia's social and economic history. For local people, it means the destruction of ways of life and of the right to diversity in the relationship between communities and nature, in a double process of material and cultural expropriation of people's living and working conditions.

What is needed to reverse patterns of deforestation is a real democratization of the access and control of natural resources. Allegretti has stressed how policies implemented in the Amazon in the last decades came out of a search for solutions to problems outside the region. Developing the Amazon was seen as both a means to avoid agrarian reform and a frontier of resources for economic sectors such as agriculture and mining established outside the region.
However, a solution to the crisis will have to keep with regional priorities. Stephen Nugent has noted the existence of a "seemingly intransigent commitment to the idea that the solutions to the so-called 'dilemmas of Amazonian development' will come from the intervention of appropriately armed external allies". However, he argues, "so far the best examples of what the future of Amazonian societies may hold have come from actual societies in Amazonia, not from drawing boards of remote supervisors". A key element for sustainability is the democratization of the access and control of natural resources, ensuring that the people who derive cultural and economic benefits from the resources have a role not only in the definition of the way the resources will be used but also in the way the benefits will be distributed. Often, because local people such as extractors or small farmers have to deal with the negative effects of deforestation in their day-to-day life, they are the ones most directly committed its reversal. In this context, the proposal of an "Ecological Agrarian Reform" made by the National Rubber-Tapper Council assumes a fundamental role as bottom-up alternative which addresses the needs and priorities of local people. Amazonia, more than any other region in Brazil, is a region of diversity, where indigenous populations have to cohabit with rubber tappers and small farmers, landless people, capitalist farmers, traditional elites, and a largerly urban population in a context of infrastructure development, immense mining projects, transport promotion and Asian logging firms. As underlined by de Oliveira, though living within the same borders, they belong to different universes with different temporalities, values, relations with the ecosystem, production relations, and even different languages. For all these actors to coexist, the heterogeneity of the Brazilian society needs to be respected, both culturally and economically speaking. Extractivism and market economy can coexist, if only some basic support is provided to extractors. The forest ought to be perceived as part of local people's identity, and no longer as an obstacle to development which needs to be removed. Local people need to regain political and economic control over their lives. Unfortunately, in arbitrating the conflicts between alternative uses of the natural resources in Amazonia, the Brazilian State in the 1990s had tended to reproduce the exclusionary logic which denies the existence of such diversity. Doing that, it strengthens a "globalized" Amazonia which, because it depends on the extraction of resources and commodities to attend


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external demand, is perfectly inserted in centuries of dependency and "globalized" economic history.
Conclusion

The present thesis has examined the influence of economic globalization of environmental politics and investigated the implications of the incorporation of ecology in the globalization process. With the case study of the political economy of development and environment in Brazil, it has assessed how the globalization project has contributed to the transformation of state-society relations in Brazil and to the redefinition of Amazonian policies. In this sense, it follows a neo-structuralist interpretive framework in that it believes that economic configurations do play a structuring role in shaping political outcomes. However, it rejects the determinism of a "globalist" approach which would merely measure the impact of foreign economic forces on policy-making and depoliticize the analysis of social change. On the contrary, while acknowledging the power and influence of the globalization project, the main concern of the thesis has been to stress its uneven character and the ecological limits it is encountering, both in terms of physical biosphere absorption limits and in terms of struggle and resistance. While mainstream literature has often concentrated on the role of international factors in explaining environmental reform, the critical, political economy perspective which I have adopted is concerned with emphasizing not only how and under what conditions social change takes place but also with critically assessing the content of this change. I have argued that economic globalization has dominated the "temporality" of Brazilian politics in the 1990s and has been a major factor in explaining the state reform, the move to market-oriented economic reforms and to market-friendly Amazonian policies. But the analysis has also stressed how Brazil is responding to global change, how global processes combined with the exhaustion of the national state-led development model. It has examined the domestic dynamics of the state reform and the role of the changing consensus on the modalities of state intervention. The analysis has thus adopted a view which considers both the accumulation model and social structures, including ideas, institutions and social groups. It stresses that all these factors operate under the condition of increased economic globalization, and that globalization structures and conditions the influence of these factors in determining sustainable development policies in general and Amazonian policy in the 1990s in particular.

I. Market-Friendly Environmentalism

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One of the conclusion of the thesis is that market-oriented perspectives seem to be prevailing over more transformative views, both at the international level, within the framework of international organizations and institutional agreements, and at the domestic level, as the case of Brazil illustrates well. The mainstream approach to sustainable development tends to reduce ecology to a set of managerial practices aiming at resource efficiency and risk management. In doing so, it tends to address what Sachs considers a civilizational impasse as a mere technical problem. It suggests that environmentalists should operate using the language and the worldview of Western economics in approaching ecological concerns. Instead of designing cultural and political limits to development, the liberal project of "global environmental management" tends to become little more than a technocratic effort to sustain industrial development in the age of economic globalization. Environmental protection, together with democracy, human rights and free market economics, becomes a universal consensus, a universal consensus which, as Baudrillard remarks, arouses suspicion, since it is about values that have become devalued, values becoming emptied at the very moment of their hegemony. Environmental concerns become just another element in the drive towards global uniformity, a uniformity of cultures, lifestyles, mentalities, but also of relationships with nature.809 This market-oriented agenda may provide a starting point for dealing with global environmental problems. However, it contains many contradictions which limit the ability of the international and national communities to solve satisfactorily environmental problems. The failure of the present framework to effectively promote sustainability, which became evident in the New York summit last June, is recognized even by one of the major promoters of this path, Maurice Strong, ex-secretary general of UNCED, today President of the Earth Council. For Strong, "unfortunately, the economic, social and demographical forces that lead to unsustainable development still prevail". Strong sees the lack of political will from governments as the main cause of this failure.810 The 'environmental management' model may eventually lead to the development of instruments and methods to deal with environmental problems which tend to be imposed on people, especially in the Third World, or which do not correspond to their needs and priorities, as the case of the World Bank's PANAFLORO project presented in Chapter 8 illustrates well.


810 Quoted in Gazeta Mercantil, 13th March 1997.

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II. A New Dependency?

At the time when he was still a sociologist and an intellectual, Fernando Henrique Cardoso argued that, in order to industrialize in a context of "internationalization of the market", a late-developing country like Brazil would have to dismantle the populist coalition that had supported the ISI model and turn outwards toward foreign investors. In the 1970s, this was done under authoritarian rule by the military regime. In this sense, the "new authoritarianism" was a political response to the new structural situation of external dependency. In today's Brazil, it seems that it Cardoso himself who has finally succeeded in dismantling the populist coalition which had regained power with redemocratization of the 1980s. His "pragmatic" or "crisis of the state" approach, which includes a reformulation of state-society relations, is also, I argue, a political response to the structural situation of external dependency - globalization. This observation contributes to arise new interest in dependency approaches. With globalization, the explanatory variable is again the forms of insertion in the international economic relations. The debate on globalization has put again on the forefront of academic preoccupations a new political economy of international relations, and the international dimension of development, which was the central concern of dependency theorists.

Reflecting on Brazil's new type of international insertion, Goldenstein emphasizes the relevance of rethinking dependency. The expansion of the Fordist regime and the Keynesian orientation of the world economy under the Bretton Woods institutions guaranteed the formation of a specific international scenario which, at that given moment, offered space for the expansion of a few peripheral countries such as Brazil. However, these conditions resulting from a specific arrangement of international capitalism, were understood as a permanent reality. In Brazil, she argues, the autonomy of the economy was completely over-estimated. With the structural change in the international political economy, the specific conditions which accounted for the dynamism of the Brazilian economy no longer existed. Goldenstein stresses that the institutionality created under the Bretton Woods regime has to be understood as a specific period in the history of capitalism. This shows that international

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processes have a greater autonomy in their impact on peripheral regions than was thought. Today, rethinking dependency means evaluating the consequences of the transformations of the capitalist society, and rethinking the internal conditions, the external conditions of development, and their interactions. It also means accepting what Blaney calls "one of the moral impulses of the world": "that the autonomy of peoples, states and political communities is valuable". Assessing the impacts of globalization helps us reconceptualize dependency as it clarifies the needs to respect local and national differences while calling for more global equity.

Whatever relevance the dependency debate might have, there is little doubt that globalization has reshaped Brazil’s insertion in a decisive way. Two factors may prove to decisive in the consolidation of a satisfactory pattern of integration of Brazil in the world economy. First, as I have discussed in the thesis, there is a risk that globalization will further marginalize developing countries. The question is still open to discussion. De Almeida, for example, argues that trade liberalization has not generated desindustrialization: it has allowed the restructuring and the modernization of local firms, now more able to face international competition, but it has not significatively changed the Brazilian productive structure (contrary to what happened in other Latin American countries). A recent study by Bielschowsk and Stump seems to confirm this observation. Brazil could thus positively benefit from globalization and succeed in defining an advantageous insertion in the international political economy. Second, globalization is generating increased competition among countries and among regions for investment localization. In this context, the importance of the environmental issue for Brazil’s international insertion must be underlined. According to von Moltke, "failure to integrate the environment imperative into development strategies will lead to economies which are not innovative and, thus, not internationally competitive, and that will continue to depend on the markets and priorities of more developed countries". And Muñoz concludes that "developing countries should consider environmental policy not as a source of

difficulties but as a driving force for innovation that encourages sustained economic growth".816

III. From A Developmentalist to A Coordinating State

The transformative reforms of the 1990s have centered around the central issue of the reform of the state. They have aimed at redefining the patterns of state intervention in the economy and the relationship between state and society. The admitted goal of the Cardoso administration is to conduct a transition from a developmentalist to a coordinating type of state. This transition will, according to the government's approach, strengthen rather than weaken the state. Indeed, they argue, inflation and the fiscal crisis were already eroding sovereignty and reducing the ability of the state to conduct economic policies. With the end of both, the state resources could actually be strengthened. As the transition is incomplete and many doubts persist on the definitive character of the state reform, the government's claim of an enhanced role for the state cannot be accepted without scepticism. Furthermore, the limits of the crisis of the state approach must be underlined. As observed by de Almeida, it is not a solid economic theory as ISI or monetarism, or even an economic ideology as neoliberalism. It is more an intuition about state-markets relations, vague enough to accommodate different types of structural and institutional obstacles and realistic macroeconomic reform strategies. There are three political constraints on reforms: the power of the interest organizations, the decentralization of governing structures, and the changes in the structure and capacity of the federal government.817

The tendency is for cautious market reforms, neoliberal reforms without neoliberalism as de Almeida puts it.818 The reforms still have to pass through a complex political system which can veto and paralyze the process. They will eventually depend upon the strength of the political coalition supporting Cardoso, and might not survive if Cardoso is defeated in the 1998 elections. The fragility of the political coalition is reflected in the difficulties in

817 Maria Herminia Tavares de Almeida (1996:223).
promoting the constitutional reforms necessary for the progress of the program. There was consensus on banning inflation, but beyond that point each reform is the subject of intense debate. Part of the political elite, after benefiting from state policies during the authoritarian regime, changed its opinion and in the 1990s came to perceive the intervention of the state as the main cause of the crisis. But this view is not yet hegemonic. On the one side, the government has to face resistance from a part of the coalition, the liberals (PFL), leading some commentators to argue that Cardoso is the "hostage of the PFL". On the other side, populist surges still temper the political debate, opposing privatization, the administrative reforms and challenging the acceptance of globalization. The role of populist ideas in influencing the state-market relationship has been a predominant feature of the transition from authoritarianism to democracy. Though these ideas are no longer hegemonic, they could influence the direction of the transition away from developmentalism.

IV. Building a New Consensus

To conclude, is it possible to say that there is an emerging consensus on the way to render Brazil a more equal and sustainable society? Fiori argues that there is a consensus on the causes of the failure and on strategic conceptions to fight inflation, though the consensus is not hegemonic. There should be a coordination of a reformed state, which should change its old role of regulator and producer for a role of strategic coordinator of a project built around 4 axes: productive restructuring oriented toward increasing productivity, and sustained by a new industrial policy, effective international economic insertion, social justice and sustained democratic institutionality. Cardoso's program has decisively redefined the realm of state intervention. But I believe, together with Fiori, that, in order to succeed, the new consensus has to depart dramatically from neoliberalism and recognize in state intervention the decisive element in the coordination of the construction, together with the private sector, of a new model of development.\textsuperscript{819}

V. Towards Sustainability

\textsuperscript{819} José Luiz Fiori (1993:160, 173).
Finally, the thesis has argued that, despite its emancipatory character, the ecological critique of capitalism has so far failed to be translated into a comprehensive program for action. Ecological problems today are mainly being addressed according to a market-oriented management approach. Globalization has contributed to reduce global environmental politics to a mere management project relying on the market as the solution to the crisis. In Brazil, environmental policy reform is taking place according to this management approach, failing to address the root causes of ecological problems. In Amazonia, policy reform could become an element in a conservative modernization strategy which is excluding several segments of the population, perpetuating social conflicts and duality. As stressed by Guimarães, the apparent unanimity in favour of sustainable development stands in contrast to the absence of meaningful political initiatives in order to change the economic, social and political institutions linked to the ongoing style of development. However, the ecological crisis constitutes without doubt one of the weak points of the neoliberal paradigm. Showing the shortcomings of neoliberal environmental policy offers fertile ground for a more general questioning of neoliberal thought, while introducing arguments in favor of more public participation in the political debate. As Beck suggests, the ecological crisis produces the conditions for a critique of the existing social order and of the domination of technocratic elites escaping democratic control. It can only be solved through the creation of "ecological democracy", an opening up of the decision-making processes and institutions, in an attempt to reconstruct the public sphere. To achieve sustainability and, to return to Polanyi's terminology, a "re-embedding" of ecology, would require, as pointed out by Bernard, "a reorganization of work, a democratization of state structures, and the socialization of decision making about technology and the relationship between economic activity and local, regional and national ecological carrying capacities. But", as he notes, "none of this is possible without a shift in power relations and ideologies at local and global levels".

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Glossary

Glossary of Acronyms and Abbreviations - General

BCSD Business Council for Sustainable Development
CITES Convention on International Trade in Endangered Species of Wild Fauna and Flora
CSD Commission on Sustainable Development
CTE Committee on Trade and Environment
EIA Environmental Impact Assessment
EU European Union
FAO Food and Agriculture Organization of the United Nations
FDI Foreign Direct Investment
FSC Forest Stewardship Council
FoE Friends of the Earth
GATT General Agreement on Tariffs and Trade
GEF Global Environment Facility
GDP Gross Domestic Product
G7 Group of Seven: the seven industrialized democracies: US, Canada, Japan, UK, France, Germany and Italy.
G77 Group of 77, negotiating coalition of developing countries, now over 125.
IDB Inter-American Development Bank
IMF International Monetary Fund
IPE International Political Economy
IPF Intergovernmental Panel on Forests
IR International Relations
IISD International Institute for Sustainable Development
ITTA International Tropical Timber Agreement
ITTO International Tropical Timber Organization
ODA Overseas Development Assistance
OECD Organization for Economic Cooperation and Development
MEA Multilateral Environmental Agreement
NGO Non-Governmental Organization
NIEO New International Economic Order
TNC Transnational Corporation
Glossary

TFAP Tropical Forestry Action Plan
UNCTAD United Nations Conference on Trade and Development
UNCED United Nations Conference on Environment and Development
UNDP United Nations Development Program
UNEP United Nations Environment Program
UNGASS United Nations General Assembly Special Session
WBCSD World Business Council for Sustainable Development
WRI World Resources Institute
WTO World Trade Organization
Glossary of Brazilian Acronyms and Portuguese Terms

Brasil em Ação: "Brazil in Action". Large infrastructure development program, launched in 1996.

Carioca: native of the city of Rio de Janeiro

Colonos: settler


Empate: stand-off (rubber-tappers technique to oppose deforestation)


Fazenda: Large farm.

Garimpeiro: artisanal placer miner

Gaucho: native of the State of Rio Grande do Sul

Latifúndio: large land property

Paulista: native of the city of Sao Paulo.

Plano Cruzado: 1986 economic plan

Plano Real: 1993 economic plan

Posseiros: squatter (who lives on a land without a legal title).

Real: present unit of currency, introduced in 1994.

Sem-Terra: landless peasant

Seringueiro: rubber-tapper

Brazil: Abbreviations

BASA - Banco da Amazônia S.A. (Bank of the Amazon)

BNDES - Banco de Desenvolvimento Econômico e Social (National Economic and Social Development Bank)

CSN - Companhia Siderúrgica Nacional (National Steel Company), privatized in 1993.
CUT - Central Unica dos Trabalhadores (Unique Workers Union).
FHC - Fernando Henrique Cardoso, current President of the Republic.
FIESP - Federacao das Industrias do Estado de Sao Paulo (Sao Paulo's State Industry Federation).
FLORAM - Florestas para o Meio Ambiente (Forests for the Environment).
FTAA - Fre Trade Area of the Americas (in Portuguese, Area de Livre Comercio das Americas, ALCA).
FUNAI - Fundacao Nacional Do Indio (National Indian Foundation)
IBAMA - Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renovaveis (Brazilian Institute for the Environment and Natural Renewable Resources)
IBDF - Instituto Brasileiro do Desenvolvimento Florestal (Brazilian Institute of Forest Development)
IBGE - Fundacao Instituto Brasileiro de Geografia e Estatistica (official statistical institute).
INCRA - Instituto Nacional e Colonizacao e Reforma Agraria (National Institute for Colonization and Agrarian Reform)
INPE - Instituto Nacional de Pesquisa Espaciais (National Institute for Space Research)
MERCOSUL - Mercado Comum do Cone Sul (Common Market of the South)
MST - Movimento dos Sem-Terra (Movement of Landless Peasants)
PND - Plano Nacional de Desenvolvimento (National Development Plan)
PPG7 - G7 Pilot Program for Amazonia
POLAMAZONIA - Plano de Desenvolvimento da Amazônia (Plan for the Development of Amazonia) I (1972) and II (1975).
SIVAM - Sistema Integrado de Valorização da Amazônia (INtegrated System or the Valorization of Amazonia).
SUDAM - Superintendência do Desenvolvimento da Amazônia (Superintendency for the Development of Amazonia).
TCA - Tratado de Cooperação Amazônica (Amazon Cooperation Treaty)
ZEE - Zoneamento Ecologico-Econômico (Ecological-Economic Zoning)
PFL Partido da Frente Liberal (Party of the Liberal Front). Formed in 1986 as a dissidence of PDS.


PPB Partido Popular Brasileiro (fusion of PPR and PP).

PPS Partido Socialista Popular (Popular Socialist Party, ex-PCB).

PSB Partido Socialista Brasileiro (Brazilian Socialist Party).


PSDB Partido da Social Democracia Brasileira (Party of the Brazilian Social Democracy). Formed in 1988 as a splinter of PMDB.


PTB Partido Trabalhista Brasileiro (Brazilian Labor Party). Pro-Vargas Party, 1945-64, reorganized after 1979 by Ivete Vargas, Varga’s granddaughter.

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